FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
No. 30,246 Saturday May 30 / Sunday May 31 1987 D 8523 A

WORLD NEWS

Reagan gives warning over Gulf control

President Reagan said last night he would not allow Iran or the Soviet Union to control the Gulf sea lanes and make them a "chokepoint for freedom." Vital US interests were at stake there and they would be upheld, he said.

The President recalled the oil price rise in the early 1970s when Western economies suffered dislocation because of instability in the Middle East. "Never again will (the US) be held captive," he said. Back Page

Arms talks offered

Warsaw Pact leaders offered to start talks with Nato on withdrawing the most dangerous conventional weapons from forward positions in central Europe, but produced no plan on reducing battlefield nuclear armaments. Page 2

Disaster admission

Townsend Thoresen admitted that a "corporate failure" by the company was to blame for the Herald of Free Enterprise ferry capsizing. Page 8

S Africa frees children

South African security forces freed hundreds of black children detained without trial under the state of emergency regulations, two independent monitoring groups said.

Moscow pilot quizzed

Soviet security officials interrogated a West German youth who evaded air defence systems to land a light aircraft on Moscow's Red Square after flying from Finland. Page 2

Commandos blamed

South African commandos were reported to have killed three people in attacks on targets in Mozambique's capital, Maputo. One house attacked was said to be used by the African National Congress. Page 2

Sri Lankan advance

Sri Lanka's Government claimed a significant victory against Tamil extremists in the Jaffna peninsular, where it said its forces had seized a north-eastern coastal belt. Page 2

IRA target shot

A part-time Ulster soldier who survived an IRA assassination attempt in January was critically wounded when hooded gunmen shot him in the head in a bar at Castlecaulfield, County Tyrone.

Boy, 12, has transplant

David Kellaway, 12, of Tavistock, Devon, was recovering after becoming the youngest patient to have a heart and lung transplant at Papworth Hospital, Cambs.

Virgin chief honoured

Virgin group chief Richard Branson was presented with the Segrave Trophy, awarded for acts of valour, for his record-breaking powerboat crossing of the Atlantic last summer.

Surgeon wins damages

Police surgeon Dr Anthony Parsons has received damages after officers wrongly arrested and held him in custody for "stealing" his own coat from a Cardiff police station.

Knife used in escape

A prisoner escaped after a knife was held at a prison officer's throat in Liverpool. Ian Napier, 24, was being escorted back to Leeds prison in a taxi after a court appearance.

Rugby: Wales beat Tonga 29-16 in a Pool Two match in the Rugby Union World Cup

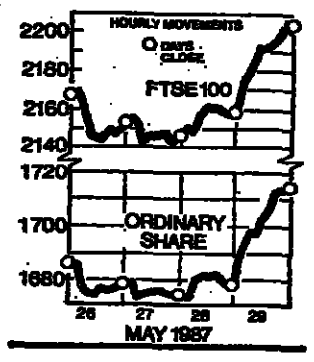
BUSINESS SUMMARY

Equities soar on poll news

EQUITIES soared in London in response to opinion poll indications of improved prospects for a Conservation election victory. Heavy buying of blue chips helped push the markets to a near-record in index point terms.

The FT-SE 100 Index climbed 45.6 points to close at 2,203—within 12 points of its peak and up 35.5 on the week. The FT

FT INDICES



Ordinary Index gained 33.9 to close at 1,712.1, a gain of 25.4 on the week. Stock Exchange, Page 16; Election news, Page 7

CHARLWOOD LEISURE, snooker club operator, proposed that Britain's leading snooker group Riley Leisure take it over, a move which would challenge Midsummer Leisure's £16.4m takeover bid for Riley. Back Page

STURGE HOLDINGS, Lloyd's of London underwriting group, is buying the Bellew, Parry and Raven underwriting agencies, currently under investigation for links to the Fidentia affair. Back Page.

US ARMY has cancelled an agreement to buy guided missile technology from Japanese electronics group Toshiba Corporation following a subsidiary's illegal sale of technology to the Soviet Union. Page 3

LIQUIDITY of large industrial and commercial companies rose nearly 7 per cent in the first quarter, Trade Department figures show. Page 4

US economists expressed doubts over Commerce Department figures showing a 0.6 per cent drop in leading economic indicators last month, the largest for two years. Page 3

CIVIL Aviation Authority expects greater competition on European short-haul routes following its award of route licences to Air Europe and British Caledonian Airways. Back Page

MERGER talks between two rival contortia vying for an international communications franchise in Japan ended without result. One of the groups includes Britain's Cable & Wireless. Page 3

OPTEC DD, Japanese electrical components maker, is to set up a £2.1m production plant in Buckley, north Wales, creating 100 jobs. Page 4

UNISYS, US computer group, forecast a 16 per cent increase to \$425m (£261.4m) in US sales this year, helped by a significant expansion in its customer base. Page 4

FERGUSON Industrial Holdings, printing, packaging and plastics group, increased annual taxable profits by 26 per cent to £9.5m. Page 12

EQUITICORP Tasman of Australia has built up a 13.7 per cent stake in Monier, fuelling speculation of a counterbid for the local building materials group. Page 14

Britain presses Iran over detention of diplomat

BY ANDREW GOWERS, MIDDLE EAST EDITOR

BRITAIN pressed Iran last night to explain the beating-up and detention for 24 hours of a senior British diplomat in Tehran.

Mr Timothy Renton, Minister of State at the Foreign Office, held his third meeting in two days with Mr Akhunzadeh-Basti, the Iranian Chargé d'Affaires, to demand an explanation of the incident involving Mr Edward Chaplin, First Secretary in the British interests section in Tehran.

Mr Chaplin was seized and badly beaten by six Iranian Revolutionary Guards as he drove along a motorway in the northern residential area of Gulhaq on Thursday afternoon.

There was no immediate sign that a full-scale diplomatic row betwene the two countries had been defused by Mr Chaplin's release.

Sir Geoffrey Howe, the Foreign Secretary, protested at what he described as a kidnapping, and Mrs Margaret Thatcher was said to be anxiously following events.

Mr Christopher MacRae, head of the British interests sectio1 in Tehran, which has operated from the Swedish Embassy since Britain downgraded diplomatic relations with Iran in 1980, was pressing for a high-level meeting.

Iranian officials told a British diplomat in Tehran that Mr Chaplin, who was recuperating at home last night, had been arrested on an unspecified charge and held at Revolutionary Guard headquarters in Tehran.

They said he had been released "temporarily" because the guards had completed their questioning. British officials said this explanation, to which Mr Akhunzadek Basti could add nothing yesterday afternoon, was unsatisfactory.

In what may be a related incident, he complained to Mr Renton about the arrest of an Iranian consular official in Manchester on charges of shoplifting, assaulting a police officer and reckless driving.

The official, Mr Ahmed Gessemi, was released on bail on Thursday night until June 11. It was the second time he had been arrested this month, and followed his failure to appear in court in connection with an earlier charge this week.

The Iranians claim full diplomatic immunity for Mr Gassemi, but the Foreign ffice says he is entitled only to limited immunity. It was pointed out that Mr Akhunzadek Basti had not sought to link the two cases.

The incident involving Mr Chaplin was a surprise, because there have been few violent incidents involving Westerners in Iran in recent years despite unremitting hostility toward the West from the country's leaders.

It follows Tehran's recent diplomatic rows with West Germany, Italy and Australia, and coincides with shrill Iranian criticism of both superpowers over their increasing involvement in protecting Gulf shipping.

The only known kidnapping of a foreign diplomat in Tehran since the US Embassy hostage crisis in 1980-81 came last year, and involved a Syrian.

The envoy, Mr Ayad al-Mahmoud, was released unharmed a few days later. However, Iran continues to hold Mr Roger Cooper, a British businessman, on what it claims are charges of spying, despite official British protests.

Tehran diplomats, Page 2

US welcomes Japan public spending plan

BY IAN RODGER IN TOKYO

JAPAN yesterday announced a Y6,000bn (£25.6bn) package of public spending increases and tax cuts, along with new overseas aid designed to stimulate its economy, promote imports and ease the developing countries' liquidity problems.

The long-awaited package, which drew a warm initial response from the US, is significantly larger than the Y5,000bn value that had been talked about for some weeks, apparently because of the Government's anxiety over the rising hostility of its main trading partners.

Japan faces the prospect of sharp criticism of its large current account surpluses at the Venice economic summit of seven leading industrial nations next month.

The US and European governments have been demanding for months that Japan provide a major stimulus to its economy and use part of its surpluses to help the developing countries, and the Japanese have become very worried about being attacked at the summit.

The sense of anxiety within the Japanese Government was illustrated by a comment from a senior official at a briefing yesterday for foreign journalists. He was trying to counter suggestions that this package, like others in the past two years, would have little effect on the economy.

"While it is not true that past packages have not been effective, I would say that this one is much more substantial," Mr Kunio Miyamoto, deputy director of the Government's Economic Planning Agency, said. "Let me stress that this is different from past packages. Do trust us."

Mr Tadashi Kuranari, Japan's Foreign Minister, said in a meeting with a visiting US official that the package fulfilled Japan's pledges to spur domestic demand and reduce its trade surpluses.

The package was immediately welcomed by the Japanese business and financial communities. The Tokyo Stock Exchange's Nikkei average closed yesterday at a record 24,772.39, up 338.74.

Mr Miyamoto said the package would add 2 per cent to Japan's gross national product in the year to March 31, 1988. Until now, it had been expected to grow at a lacklustre 2.5 per cent. He also thought it would

Continued on Back Page
Details, Page 2; Money markets, Page 16

Tories shift to attack Labour's economic policy

BY PETER RIDDELL, POLITICAL EDITOR

MRS Margaret Thatcher yesterday signalled a shift in Conservative election tactics away from concentrating on Labour's defence policy towards attacks on the party's tax, trade union and employment policies.

One very senior Tory said yesterday: "We've had a good run on defence this week. It's time to change the tune. And we may want to come back to defence again at the end of the campaign."

The Tories plan to make the economy their main theme next week. In particular, speeches, broadcasts and advertisements will argue that Labour has promised to introduce an immediate budget reversing the 2p cut in income tax which people have just received in their pay packets, as well as other likely tax increases.

Mrs Thatcher, speaking during a tour of East Anglia, said a Labour Government would destroy Britain's prosperity, would raise income tax and reverse the trade union legislation since 1979. She said Labour's industrai lerlations proposals would lead to "the kind of conflict we have seen in the past. It would put power into the hands of the extremists in the unions."

The Labour leadership is also seeking to move away from the defence issue which has forced it onto the defensive for much of the week. Mr Neil Kinnock, the Labour leader, yesterday reacted irritably at Norwich to reporters' questions which were not concerned with the party's theme of the day, pensions.

The Labour leadership is planning a resumed offensive on social policy issues, on which it believes the Government is vulnerable. Mr Bryan Gould, Labour's campaign co-ordinator, said Mr Kinnock intended to finish the campaign "dealing with issues that concern the people: jobs, the national health service, schools, houses and the fight against crime."

Mr Gould said on BBC Radio: "I cannot believe it is in everybody's interests to share the Prime Minister's and David Owen's obsession with nuclear weapons."

Later, Mr Gould said the campaign was moving into a new phase in which Labour would seek to peg back the Tories. He said Labour would be concentrating on education, which had moved up "sharply as the growing issue of the campaign so far."

Labour believes the Government's proposals for allowing schools to opt out of local authority control will frighten and confuse voters.

The party yesterday launched a Press advertisement campaign claiming the Tories would introduce school charges, though this has been denied by Ministers.

The Tories yesterday amplified their plans for reviving the rented housing sector, as they did with education on Wednesday. They explained that existing council tenants who seek to transfer from local authority ownership will have to pick a landlord on a new approved list supervised by the Government.

General election news, Pages 6 and 7; Editorial comment, Page 10; All eyes on the polls, Back Page

Fed reveals record level of support for dollar

BY RODERICK ORAM IN NEW YORK

THE CENTRAL BANKS of the Group of 10 industrialised countries this spring mounted their biggest effort to support the US dollar since it was floated in 1973, according to estimates from the Federal Reserve Bank of New York yesterday.

Their co-ordinated purchase of dollars between February and April to ease heavy selling pressure on the currency in foreign exchange markets "was approaching or even exceeding" the US current account deficit in that period, said Mr Sam Cross, the New York Fed's executive vice president in charge of foreign operations.

The first quarter deficit figure has yet to be released, but Wall Street economists forecast it at \$30bn to \$40bn (£18.4bn to £24.6bn).

Although foreign exchange dealers had estimated total Group of 10 intervention at roughly this level, the \$4bn of US intervention, also revealed yesterday, was greater than expected.

It was the biggest US intervention since the dollar crisis in 1978-79 under the Carter Administration and it was dramatically up on the \$50m in the three months to January.

The six largest industrial countries made a commitment to intervene in foreign exchange markets at a meeting in Paris on February 22 when they agreed to "co-operate closely to foster stability of exchange rates around current levels." Other central banks subsequently joined the effort.

The dollar enjoyed a brief respite after the meeting but came under pressure again in late March when it fell below the level foreign exchange markets believed had been agreed in Paris.

The dollar was also hurt by US efforts to retaliate against Japan for alleged breaches of their semiconductor trade pact.

The New York Fed, acting as the agent of the US Treasury, bought \$3bn through the sale of yen on 11 consecutive trading days from March 23 to April 6. It bought a further \$532m on three days between April 7 and 17. Later in April it bought \$424.9m against the yen and \$99m against the D-mark.

During the three months the dollar fell 8 per cent against the yen and pound and 2 per cent against the D-mark and most other continental currencies.

"I think the results of these intervention actions . . . have worked out well," Mr Cross said. "I'm quite happy to see (the dollar) at this level." In total, central banks from the group of 10, excluding the US, made gross currency transactions of some \$69bn between February and April against \$44bn in the previous three months.

Pickwick opens at big premium

BY ALICE RAWSTHORN

INVESTORS' ENTHUSIASM for new issues continued unabated yesterday when the shares of Pickwick, the record company, began trading at a hefty premium and another offer for sale, that of packaging equipment maker Berry Wehmiller International, closed heavily over-subscribed.

Pickwick shares opened at 187p compared with the offer price of 125p, rose to a peak of 190p and then fell to 180p on profit-taking, before ending the day at 188p, a premium of 63p to the offer price.

When Pickwick went public two weeks ago its offer for sale was 50 times oversubscribed. On its stock market debut yesterday, investors saw the value of their holdings increase by 50.4 per cent in a single day. The value of the shares held by Mr Monty Lewis, Pickwick's founder and chairman, rose from £2.7m to £4.1m and the capitalisation of the company grew from £27.4m to £41.2m.

Meanwhile Wehmiller, a manufacturer of packaging equipment, announced that its offer of £21.4m worth of shares at 135p each had also been heavily over-subscribed. The extent of subscription will be disclosed together with the basis of allocation on Monday, but Hill Samuel, the merchant bank handling the flotation, said investors had applied for "at least" 20 times the number of shares available.

The new issue market has been unprecedentedly buoyant in recent months. Pickwick was the third company to begin dealings last week by sailing to a healthy premium. Computer People, a computer staff agency, and Henry Barrett, a structural engineer, did so on Thursday.

The scale of the premiums reached by so many stock market debutantes has attracted a flurry of criticism to the companies' sponsors—in Pickwick's case N. M. Rothschild, the merchant bank—for underpricing the issues. The sponsors could counter that it is the excitable mood of the new issues market that has produced such huge premiums and that to price the issues higher—given that the share price is fixed at least two weeks before dealings begin—in so erratic a stock market would be irresponsible.

Wehmiller is the latest in a long line of companies—including Rolls-Royce, Sock Shop and Pickwick—to stage a heavily over-subscribed offer for sale. The paucity of offers, following the relaxation of the Stock Exchange's rules on share placings, has been one factor behind the buoyancy of the market; another is the influence of the privatisation programme in stimulating investors' interest in new issues.

MARKETS

DOLLAR

New York lunchtime:
DM 1.824
FFr 6.0875
SFr 1.5105
Y143.95

London:
DM 1.8245 (1.816)
FFr 6.0875 (6.055)
SFr 1.512 (1.5055)
Y144.0 (143.4)

Dollar index 101.9 (101.7)
Tokyo close Y144.15

US LUNCHTIME RATES

Fed Funds 6 1/16%
3-month Treasury Bills: yield: 5.83%
Long Bond: 101.0 yield: 8.65%

GOLD

New York: Comex August latest \$456.0
London: \$451.75 (\$453.75)

STERLING

New York lunchtime \$1.63
London: \$1.63 (1.626)
DM 2.975 (2.9525)
FFr 9.9225 (9.845)
SFr 2.465 (2.4475)
Y234.75 (233.25)

Sterling index 72.7 (72.5)

LONDON MONEY

3-month interbank: closing rate 8 7/8% (8 11/16)

NORTH SEA OIL

Brent 15-day June (Argus) \$18.65 (\$18.625)

STOCK INDICES

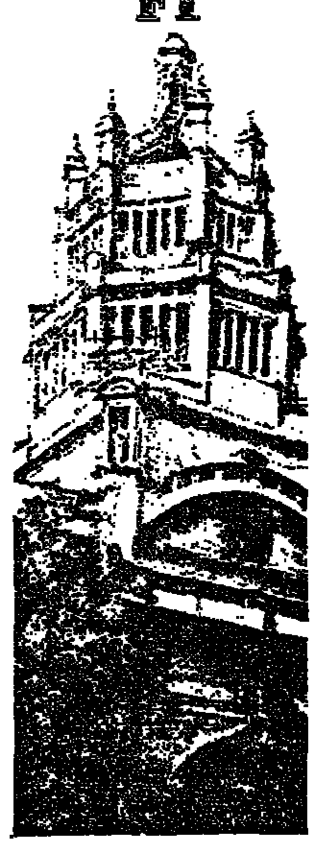
FT Ord 1,712.1 (+33.9)
FT-A All Share 1,097.29 (+1.8%)
FT-SE 100 2,203.0 (+45.6)
FT-A long gilt yield index: High coupon 8.84 (8.9)
New York lunchtime: DJ Ind Av 2,311.44 (+0.76)
Tokyo: Nikkei 22,772.39 (+338.74)

Chief price changes yesterday, Back Page

Austria Sch 22; Bahrain Din 0.650; Belgium BFr 48; Canada C\$1.00; Cyprus C£0.78; Denmark DKr 9.00; Egypt E£2.25; Finland Fmk 7.00; France FFr 6.50; Germany DM 2.20; Greece Dr 100; Hong Kong HK\$12; India Rup 15; Indonesia Rp 3,100; Israel NS 3.50; Italy L1,800; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon £150.00; Luxembourg LFr 48; Malaysia Rin 4.25; Mexico Pes 300; Morocco Dh 6.00; Netherlands Fl 3.00; Norway NKr 7.00; Philippines Pes 20; Portugal Esc 100; S Arabia Rls 6.0; Singapore S\$4.10; Spain Pts 125; Sri Lanka Rup 30; Sweden SKr 8.00; Switzerland SFr 220; Taiwan NT\$65; Tunisia Din 0.800; Turkey L500; UAE Dh 6.50; USA \$1.00; Bermuda \$1.50.

CONTENTS

WEEKEND FT



VICTORIAN VALUES

A visionary is needed to transform and update the Victoria and Albert's role in 20th century Britain.

Page I

PENSIONS

Company pension managers are about to lose their captive market and are now making conscious efforts to woo employees.

Page IV

BLOODSTOCK

Buy yourself a slice of the Derby action.

Page VI

NEW LOOK

There's more to men's clothing than dull pinstripes.

Page XV

BOOKS

Behind the scenes at Downing St.

Page XVI

SPORT

On the eve of the Monaco motor racing rally — profile of Nigel Mansell.

Page XVIII

OVERSEAS NEWS

Pact offers talks on forward arms withdrawal

BY PATRICK COCKBURN AND LESLIE COLITT IN BERLIN

THE LEADERS of the Warsaw Pact yesterday offered to start talks with Nato on the withdrawal of the most dangerous conventional weapons from forward positions in central Europe.

But the Soviet Union and its allies disappointed hopes at the end of a two-day meeting in East Berlin that they would produce a detailed plan for the reduction of conventional and battlefield nuclear armaments.

The only shift in the Warsaw Pact position is to emphasise the need "to ensure the mutual withdrawal of the most dangerous offensive weapons from the zone of direct contact between the two military alliances." The six Warsaw Pact leaders also said they wanted to reduce the concentration of armed forces in the forward zone to a minimum.

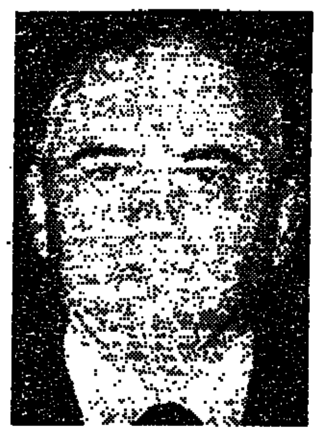
In the past the Soviet Union has called for the mutual reduction of all conventional forces rather than giving priority to cutting back those with offensive capability. Nato has said that the Warsaw Pact has superiority in tank arms and tactical air power.

Mr Herbert Krolikowski, the secretary general of the Warsaw Pact political committee, claimed yesterday that the Pact is changing its military doctrine to a more defensive posture. He would not spell out in concrete terms which offensive weapons he believed should be eliminated in central Europe.

Mr Mikhail Gorbachev, the Soviet leader, kept a low profile during the Berlin meeting which largely restated previous positions adopted by Moscow and its allies.

The Soviet Union may have decided that the so-called zero-zero option, abolishing medium and shorter range nuclear missiles in Europe will succeed or fail regardless of any new initiative on conventional arms. A Soviet spokesman said earlier in the week that battlefield nuclear weapons with a range of less than 500km could not be dealt with separately from conventional weapons.

He said the reason was that weapons such as tactical aircraft and heavy artillery could be equipped with conventional or nuclear warheads and an agreement only on the latter would therefore be impossible to verify.



Gorbachev—still hopeful

The offer yesterday to give priority to limiting the capability of either side to launch a surprise attack or take offensive action is an advance on the Warsaw Pact offer in Budapest last year to reduce armed forces in Europe by 25 per cent by the early 1990s.

The so-called new Warsaw Pact doctrine has evidently been adopted at the initiative of Moscow. In February Mr Gorbachev said the basic military doctrine of both sides had to change to a more defensive posture.

Soviet arms control specialists have suggested that a reduction of conventional forces by both sides would not change the balance between attack and defence or the capacity of Nato and the Warsaw Pact to threaten each other. The threat would continue at a lower level of forces.

Reuters adds: The US and the Soviet Union could detonate nuclear devices on each other's territory next year to test better ways of detecting cheating on future test ban treaties, a senior US official said yesterday.

"I think both sides would like to see these experiments conducted in 1988," US nuclear expert Mr Robert Barker said at the end of two weeks of talks with Russian experts.

Mr Barker said experts would resume work in mid-July and he felt optimistic they were on the verge of launching full-scale negotiations to limit nuclear tests.

Warsaw Pact leaders take time for Wagner

By Leslie Colitt in Berlin

The Soviet leader, Mr Mikhail Gorbachev, leaned back in a red velvet chair after a tough day discussing his arms reduction plans at the Warsaw Pact summit in East Berlin and let Richard Wagner's Meistersinger wash over him.

It was Thursday evening and with military strategy out of the way the Pact's top brass relaxed and was transformed into a music appreciation society. The Gorbachevs, Mikhail and his wife Raisa, sat surrounded by portly defence ministers in red striped trousers and the leaders of the six East European lands allied with Moscow.

Mr Erich Honecker, the host of the evening, had spared no effort in offering his guests the cream of Austro-German musical genius. The venue, a richly restored baroque concert hall a stone's throw from the Berlin wall was calculated to impress even the most biased communist party ruler. Wagner, once maligned in this part of Germany, opened the evening which some easterners saw as a reflection of East Germany's growing self confidence.

All eyes, however, were on Raisa, wearing a clinging white woollen outfit and yet another dashing hairstyle. She smiled winningly and applauded enthusiastically after Wagner while Mikhail's gaze wandered over the costly glass chandeliers and guilded room recently recreated after the destruction of the Second World War.

The Soviet leader may well have thought it remarkable that "his" Germans are able to boost defence spending by 8 per cent annually and still more or less satisfy domestic consumers while restoring such war shattered cultural temples.

But not all was sweetness and light. Among Mr Gorbachev's trusted caretakers in the outer reaches of the Soviet Empire, a stoney-faced Mr Nicolae Ceausescu, the Romanian leader, studiously avoided eye-to-eye contact with Hungary's Janos Kadar who returned the icy sentiments. Both fraternal countries are locked in a verbal slanging match over the alleged maltreatment of the 1.8m ethnic Hungarians in Romania. In the old days before Soviet hegemony over Eastern Europe such emotions would have led to a Balkan crisis and ominous troops movements.

In the intermission—beween Otto Nicolai's "merry wives" and Weber's overture to Oberon—the most powerful man in the Eastern world sipped Soviet champanskoye and chatted winningly with his generals and Mr Honecker who used a translator to render his German into Russian.

Revolutionary hardship for Tehran diplomats

Andrew Gowers and Michael Field report on Britain's representation in Iran

WORKING IN an interests section must be one of the more peculiar and challenging tasks a diplomat is called upon to perform abroad. Nowhere is this truer than in Tehran, as the senior British diplomat who was violently kidnapped on Thurday and released yesterday has just discovered.

Mr Edward Chaplin, Britain's head of chancery in the Iranian capital, works under the Swedish flag but in what used to be the British embassy. On a prime piece of real estate on Ferdowsi Street in central Tehran, the large embassy compound still carries the official lion and unicorn seal on its gates and boasts elegant plane trees as well as a brace of pet parrots.

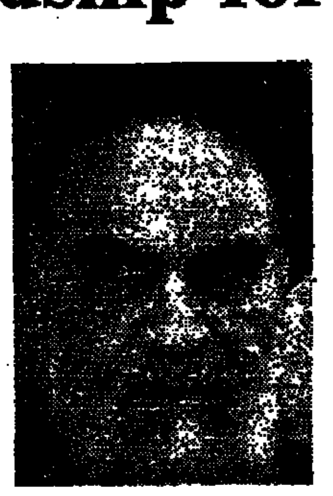
With 19 diplomats compared with only four in the Swedish embassy proper, it seems like a key Western embassy in all but name. The site and the splendid ambassadorial residence which now houses Mr Chaplin's boss, Mr Christopher MaCrae, the British chargé d'affaires, are teeming with memories of a time when Westerners felt at home, perhaps deceptively so, in Iran.

Yet these are very different days. Mr Chaplin, aged 36 yet an experienced Middle East hand who has been in Iran since the beginning of 1985 and spent a while in charge of the interests section earlier this year, loves the place but used to confide to visitors that he and other Westerners feel rather boxed in.

On a day-to-day basis, to be sure, relations between London and Tehran have tended to be cool but correct, despite the downgrading of diplomatic representation by the two sides in 1980 as a result of the US embassy hostage crisis.

Iran is still one of Britain's largest export markets in the Middle East. British sales to the country totalled £720m in 1984 — on a par with the pre-revolutionary level — though trade has been declining since then. Despite the Gulf war, Britain still sells some military equipment to Iran, though it insists that this includes nothing which would prolong or exacerbate the conflict. The lack of full diplomatic ties does not deter a stream of high-level Iranians from visiting London.

Yet life for a representative of British interests — whether in Iran or in other countries without formal diplomatic relations with Britain, such as Syria — is unusually complicated.



Khomeini—unwelcoming

The Iranian Government appears unfriendly and difficult to deal with. Contacts with Iranians are rather limited. Every time the British chargé goes to see a senior Iranian official he has to be accompanied by the Swedish ambassador, which slows down communication to say the least. Diplomats have to ask permission before going outside Tehran.

Then there is the tide of anti-Western propaganda, which, if anything, has been escalating in recent weeks as a result of the higher-profile American presence in the Gulf. One of Iran's leading newspapers has just completed a series of 36 articles vitriolically attacking Britain.

There can be few Western diplomats in Tehran who have not been made to feel uncomfortable at one time or another by hostile Iranian propaganda. West Germans were in trouble earlier this year, for example, when a TV programme back home lampooned the Ayatollah Khomeini. So were the Italians last year, and most recently the Australiains. All three countries have been ordered to withdraw a few diplomats as a results.

Even the Soviets have become a target for Iranian bile rivalled only by Americans since they, too, raised their profile in the Gulf by chartering three oil tankers to Iraq's ally, Kuwait.

Yet for all this, the rhetorical attacks have only spilled over into actual acts of violence against Westerners—on Iranian territory, as distinct from Lebanon, where Iran-related groups are held responsible for most of the famous unresolved kidnappings—on remarkably few occasions since the hubbub over the US embassy died down in 1981.

The most publicised detention of a Westerner in Iran involves Mr Roger Cooper, a British businessman who has been held in Tehran's Evin Prison on what the Iranians say are spying charges since December 1985: numerous protests by the British Government have been to no avail.

On a much more mundane level, diplomats' wives complain of occasionally being bundled into cars and held for a few hours by groups of Iranian women from revolutionary committees named Gashte Zahrah (patrols of Zahrah, one of the prophet's daughters).

In a way this illustrates the main problem, both for Westerners living in Iran and for foreign governments dealing with its revolutionary régime: the fact that there is only a limited amount of central control of events, and that ordinary people have a habit of taking the law into their own hands.

Colombo claims Jaffna victory

BY JOHN ELLIOTT IN COLOMBO

A SIGNIFICANT victory was claimed last night by the Sri Lankan government in the northern peninsular of Jaffna, where it said it had seized a north-eastern coastal belt, including the important village of Velvedditturai, from Tamil extremists.

Government forces are believed to be concentrating on the southern beaches of the peninsula, moving towards points they already hold on the outskirts of Jaffna city.

If the claims of success are true, government forces have won a substantial proportion of the 25 per cent of the Jaffna peninsula which Mr Lalith Athulathmudali, the national security minister, set earlier this week as his target.

Claims have been issued by the Liberation Tigers of Tamil Eelam, the main extremist group in the Jaffna area, that there has been heavy shelling and strafing of the coastal area where hundreds of civilians had been killed.

This number of death was denied yesterday by the government, although it did indicate that heavy shelling was taking place when it warned people to move all boats at least 800 metres inland from the north-eastern beaches.

It is not yet clear how long the government intends to continue the offensive, which seems to be aimed at pushing the extremists back into as small an area as possible around Jaffna city.

But it is thought it wants a sufficiently significant victory to impress the majority Sinhalese community that it is being tough against the Tamils. Then it will probably go ahead with plans, already announced, for introducing new village and possibly provincial councils in those areas it holds.

This would amount to the imposition rather than the negotiation of a settlement and would, many diplomats and observers fear, lead to fresh outbreaks of extremist violence elsewhere in the island.

The village of Velvedditturai, which the government is claiming to have put under its "dominance," has been at the centre of hostilities for three years and is important because it is the strongly defended home base of Mr V. Prabakaran, leader of the Tigers.

It is located on the northern coastline at the western end of the main area the government is claiming.

Soviet Union offers $75m for Sri Lanka project

BY MERVYN DE SILVA IN COLOMBO

THE SOVIET UNION has made its first big aid offer in ten years to the pro-West Sri Lankan Government of President Junius Jaywardene on the eve of what would have been his first state visit to Moscow. The visit has been put off because of the campaign against Tamil terrorists.

The Soviet Union has signed a $75m long-term interest-free loan agreement to help develop 40,000 acres and settle 15,000 families in the Mahaveli Project.

This giant irrigation-cum-power project is costing $40bn. About 85 per cent of this sum has come from the World Bank, the US, Britain, Canada, Sweden and other western donors.

The project is south of Trincomalee, the major Indian Ocean port and the highly sensitive link between the Tamil separatist stronghold on the Jaffna peninsula, and the thnically mixed Eastern Province, also a fiercely contested theatre of war.

Both India and the Soviet Union have persistently accused the Pentagon of having designs on this strategic deep-water port.

Ten Soviet engineers will visit Sri Lanka in June to draw up plans for irrigation canals and tanks to allow rice cultivation. The settlers will be selected from the Sinhalese, Tamil and Moslem communities equally. The project will be completed in four years.

Three die in Maputo raids

BY ANTHONY ROBINSON IN CAPE TOWN

SOUTH AFRICAN commandos killed three people in four separate attacks on targets in the Mozambican capital of Maputo early yesterday, according to Aim, the official Mozambican News Agency.

Four groups of four armed men attacked houses close to the Polana hotel in one of the capital's smartest sea-front suburbs, it added.

One house was reportedly used as an office by the African National Congress (ANC). Another was the home of Mr Antonio Pateguana, brother-in-law of Mozambique's chief of staff who was shot dead together with his wife with silenced weapons, according to a report carried by the Lisbon-based Lusa news agency.

Aim noted that the raid was the first direct attack on Mozambique since the March 1984 Nkomati accord under which Mozambique agreed to expell ANC military cadres and South Africa undertook to end its clandestine assistance to MNR, the rebel Mozambican national resistance.

The latest raid, carried out by commandos who drove to their targets by car and then escaped by sea, closely follows confirmation by ANC headquarters in Lusaka that units of its military wing, Umkhonto we Sizwe, were responsible for the double bomb blast outside the Johannesburg magistrates court on May 20 in which four white policemen were killed.

In a separate development several hundred of the 1,400 children under 18 detained under emergency laws have been released over the last few days.

ANC may ease cultural boycott

BY MICHAEL HOLMAN

THE African National Congress is preparing selectively to lift the academic and cultural boycott of South Africa which it has advocated for nearly 30 years, Mr Oliver Tambo said yesterday.

Mr Tambo, speaking at a London press conference, was elaborating on a speech he made earlier this week in which he said that the ANC "must take into account the changes that have taken place over time." There had emerged "a definable alternative democratic culture" and "alternative structures" which, he went on, "should not be boycotted but should be supported, encouraged and treated as the democratic counterparts within South Africa of similar institutions and organisations internationally."

Mr Tambo appeared to be referring to a growing number of South African academics, writers, musicians and others whose sympathies are with the ANC or other anti government parties but who have fallen victims of the boycott movement.

At the press conference he was asked who would be exempted under the ANC's new policy. It was a "grey area," he replied, saying that "guidelines and criteria" were being drawn up.

Mr Tambo criticised the US senate for proposing a ban on US aid to southern African states which support ANC guerrillas in their operations against South Africa, describing the move as "blackmail."

The Senate proposal would make aid conditional on the states' renunciation of terrorism and preventing ANC guerrillas from using their territory.

Kenyan economy puts on strong growth in 1986

KENYA ENJOYED strong economic growth and a balance of payments surplus of KSh 1.46bn (£55m) last year, but the prospects for 1987 are less bright, Mr Robert Ouko, the Planning Minister, said.

Economic growth is likely to decelerate, although it should remain at over 5 per cent, he said at a press conference last night in presenting the Government's 1987 economic survey.

"Kenya had a record balance of payments surplus last year, but prospects for 1987 are less good due to falling coffee and tea prices and a rising import bill," Mr Ouko said.

Agriculture, which grew 4.8 per cent in 1986, is expected to do less well because of low rainfall, Mr Ouko said. Industrial output is expected to increase to 6 per cent from 5.9 per cent last year.

The economic survey, which is produced annually, analyses Kenya's economic performance for the previous calendar year and provides forecasts for the current one.

Mr Ouko said falling prices for Kenya's leading exports of coffee and tea would hit this year's balance of payments, but he declined to provide an estimate. Officials said the Finance Ministry had forecast a deficit of up $180m.

Inflation fell to 5.7 per cent last year from 10.7 in 1985, but is expected to rise in 1987 as a result of food and other price increases, Mr Ouko said.

The economy spirit last year came as Kenya gained windfall profits from high coffee prices and benefitted from a smaller than expected oil import bill, but growth was extended to decline slightly in 1987, Mr Ouko said.

"The overall gross domestic product grew by 5.7 per cent in 1986, up from 4.4 per cent in 1985. But prospects for 1987 are less good. GDP is expected to attain a growth rate of about 5.5 per cent," the minister said.

Exports rose by 22 per cent last year to KSh 19.7bn while imports increased by only 12 per cent to KSh 26.8bn, the survey shows. The trade gap is expected to widen this year because of the downturn in export and a rise in oil prices.

The M-2 money supply, which includes money deposited in banks, grew by 33 per cent, up from seven per cent in 1975, because of expanded domestic credit and the improved balance of payments.

Total domestic credit rose to KSh 40bn at the end of 1986 from KSh 31bn at the end of 1985, mainly as a result of a 56 per cent increase in government borrowing.

Discrepancy in Brazil's trade figures 'deliberate'

BY IVO DAWNAY IN RIO DE JANEIRO

A SENIOR official of Brazil's state trade agency, Cacex, has claimed thatthe $1.2bn exaggeration of the 1986 surplus, revealed this week, must have been deliberate.

Dismissing any possibility that agency officials were involved in the scandal, Mr Namir Salek, Cacex director, said the shortfall or nearly 20 per cent on import figures "was too big to be considered a technical mistake."

An inquiry has now been launched into the compilation of the figures that showed a year end surplus for Brazil of $9.5bn instead of an actual outcome of $8.3bn.

But it is already clear that the row will strengthen the hands of foreign creditors in negotiations on the country's $113bn foreign debt. Hardliners among the commercial banks have long argued that they will only advance new funds to Brazil if full International Monetary Fund monitoring of the economy is approved.

The Brazilians have doggedly resisted the IMF on the grounds that its involvement would compromise national sovereignty. Yesterday, however, Mr Delfim Netto, a former planning minister and now a federal deputy, said the scandal "is an Exocet with a devastating impact on Brazilian credibility."

Mr Netto said the figures must have been deliberately manipulated in order to strengthen Brazil's position in negotiations on debt rescheduling with the banks and nations in the Paris Club group.

"They are going to think abroad that we are immature, that we fabricate statistics to sell attractive plans. It was a mistake to think that they were able to cheat the Paris Club which is made up of professionals," he said.

Efforts to discover who was responsible for the figures are so far proving fruitless. Cacex claims that all its data is compiled from figures supplied by the federal revenue service, which in turn, denies furnishing inaccurate statistics.

More curbs on dirty war trials

By Tim Coone in Buenos Aires

About 50 senior military officers will continue to face charges on human rights abuses in Argentina, following changes to a controversial bill being debated in Congress.

The Senate amended the bill — which will absolve all junior and medium ranks of responsibility for murder and torture during the Dirty War of the 1970s — to include colonels and generals who did not have "decisive decision-making capacity" in the planning of the repression. More than 9,000 people disappeared after abduction by security forces during the military regime of 1976-83.

Poehl renews appeal to Britain to join EMS

BY ANDREW FISHER IN FRANKFURT

Mr Karl Otto Poehl, president of the West German Bundesbank, yesterday made a renewed appeal to Britain to join the European Monetary System after the coming general election.

He also warned that a further slide in the dollar — yesterday, it again firmed above DM 1.82 — could lead to worldwide recession, protectionism, and a worsening of the debt crisis.

On the EMS, he said: "Britain's membership would certainly give the EMS more weight and a new quality. We shall change the previous stance of rejection."

The Bundesbank has long supported UK membership of the EMS, under which currencies move 2.25 per cent each side of central rates, with Italy having a wider margin.

Mr Poehl, expected soon to be confirmed in a further eight-year period of office, said in a speech that British membership would not make life easier in the EMS. "That is true above all for the Bundesbank, which has a particular role to play in the management of the system."

As for the state of the dollar, he said the D-Mark's revaluation of more than 90 per cent against the currency since February, 1985, had been necessary.

● Mr Francois Mitterrand, the French President, says he will urge industralised nations at the Venice summit to stabilise their currencies and help relieve Third World debt, **Reuter** reports.

Mr Mitterrand said the following points should be adopted at the Venice summit which begins June 7:

● Economies should be stimulated to create employment.

● Currency exchange rates should be stabilised at the same time as lending rates are reduced.

● Protectionism has to be resisted on a global basis.

● Developed nations must open their markets more to Third World countries.

Kremlin flight astounds defence experts

A TEENAGE West German who foiled Soviet air defence systems to fly a small plane from Finland into the Soviet Union and land at the gates of the Kremlin is under interrogation by military intelligence officials, **Reuter** reports from Moscow.

The authorities were seeking to establish how the amateur pilot, Mathias Rust, 19, had escaped detection on his 560-mile flight.

One senior Western analyst said the flight had "astounding implications" for Soviet defences and for the debate on how a war could start by mistake.

Foreign Ministry spokesman Mr Gennady Gerasimov said one of his colleagues had witnessed the touchdown on cobblestones between Red Square and the Moscow River on Thursday.

Asked if Mr Rust, a computer operator, had been arrested, Mr Gerasimov said: "I can only speculate. If you cross the Soviet border without permission, it's only natural to think you'll be detained. But it's just my guess."

Mr Gerasimov declined to speculate on how the young pilot had evaded sophisticated warning systems—ironically on a date marked as "Border Guards Day."

"Maybe he was detected and simply not shot down," he added.

Mathias Rust (behind) earlier this month at Reykjavik airport

According to officials of Hamburg Flying Club, to whom the four-seater Cessna belongs, Mr Rust took off from a private airport near the West German port city on May 13, eventually arrived in Norway via Iceland and then flew on to Helsinki.

The Finnish Aviation Board said he gave his destination on take-off as Stockholm and followed his scheduled flight plan for several minutes before suddenly veering east toward the Soviet Union.

Foreign diplomats in Moscow expressed amazement that the Cessna could have covered the distance between Helsinki and Moscow undetected and then be allowed to circle over the Kremlin, the seat of Soviet power.

Defence experts said the Soviet Union had an extensive network of air defences including triple-A anti-aircraft missiles and surface-to-air missiles.

Moscow also had the world's only anti-ballistic missile system protecting a city, which was allowed under the 1972 ABM treaty, but it would not have been used to track a small plane.

They said he would have had to fly very low along the 560 mile route from Helsinki to Moscow in order to avoid Soviet radar.

In 1983, Soviet fighters shot down a Korean civilian airliner which intruded into Soviet airspace, killing all 269 passengers on board.

Soviet air chiefs said the flight had been on a spying mission and warned that they would react in the same way again if faced with an unidentified intruder.

Mr Rust's father, Mr Karl-Heinz Rust, said he strongly doubted that his son's journey to Moscow was politically motivated. His mother, Mrs Moniker Rust, said she had "great trust in her son."

Mr Helmut Gass, president of the Hamburg Aeroclub, said Mr Rust was a good but not very experienced pilot, and speculated he might have lost his way.

"Rust has a very upstanding reputation, he's very talented aeronautically," Mr Gass said. "We can't explain how he got down there from Iceland. We suspect he flew to Helsinki, somehow got lost, and . . ." he added, his voice trailing off.

West German government spokesman Friedhelm Ost said his country's embassy in Moscow was in contact with the Soviet Foreign Ministry over the incident.

"It appears this involves a pilot who has made a mistake in navigation," he said.

Zimbabwe fears S Africa raid

ZIMBABWE said yesterday it had advance details of a new attack planned by South Africa on its territory, AP reports from Harare.

Mr Emmerson Munangagwa, Minister of State for Security said: "It is coming soon, and I know where they plan to hit."

Mr Munangagwa was speaking about the security situation in Zimbabwe

FINANCIAL TIMES
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and as members of the Board of Directors, F Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: R.A. Harper, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1987.
FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Scandal wrecks Toshiba missile sale to US Army

BY PETER BRUCE IN TOKYO

THE US army has cancelled an important agreement to buy guided missile technology from Toshiba, one of Japan's biggest electronics groups.

The agreement, one of the first under a three-year-old pact allowing Japanese companies to transfer military technology to the US, is understood to have fallen foul of a scandal surrounding the sale by a subsidiary, Toshiba Machine, of sophisticated machine tool technology to the Soviet Union.

And in a move which may hurt Toshiba's chances of taking part in the US Strategic Defence Initiative research programme, Tokyo police holding two Toshiba Machine officials since Monday have revealed that the machines were sold through KGB agents.

Toshiba would not say yesterday how much the US Army contract was worth. The money value may have been quite low, but it would have represented an important first step into the profligate US defence equipment industry for the company and was to have heralded a new closeness between Japan and its only military ally.

Toshiba is Japan's second largest electricals group, after Hitachi, with sales last year of Y3,400bn. Toshiba Machine, which has been banned from exporting to communist countries for a year, is one of the world's leading builders of large machine tools.

Toshiba, one of Japan's top five defence contractors, said yesterday it did not know why the US Army contract had run into trouble. The company said it had been "suspended" but that conflicted with other reliable information saying it had been cancelled.

The company has been eager to supply to the US Army a guidance system for a portable anti-aircraft missile it has developed for the Japanese Defence Agency in the hope that this would win it backing in the Pentagon, which distributes SDI research contracts to industry.

Japan is due to join the SDI research programme later this year and LTV of the US is said to be considering working with Toshiba on a defence system against tactical missiles.

Police claims that KGB agents were involved in the sale of Toshiba Machine technology—which will enable the Soviets to produce quieter propellers for nuclear submarines—are bound to worry officials involved in the SDI programme.

In addition to the two men held, police want to charge a further four Toshiba Machine officials for violating the country's foreign trade and foreign exchange control law. Wako Koeki, a Tokyo trading house which helped sell the machines to Russia, is also being investigated by police.

The Japanese authorities named the Soviet "middlemen" in the deal, which took place between 1981 and 1983, as Igor Osipov, vice president of the Technology Machine Corporation, Anatoly Troitsky of the Industrial Machine Export-Import Corporation and Vyacheslav Sedov of the External Science and Technology Corporation. All were KGB agents, police said. Mr Troitsky had been expelled from Britain in 1971.

The machine tools and computer programme were sold in defiance of the technology export rules under the Co-ordinating Committee for Export to Communist Nations (COCOM), a US-led body that controls technology sales with the East bloc.

Japanese investigators plan to widen the probe to Norway next week. The computer program, which was sold long after the machines, and forms the basis of charges against Toshiba Machine officials, was allegedly sold through the Norwegian military equipment maker, Konigsberg.

AP adds: The Japanese foreign ministry yesterday summoned Viktor Vladimirovich Aksyutin, 32, a third secretary at the Soviet embassy in Tokyo, who police said had helped purchase US military documents stolen between 1979 and 1985.

Four Japanese were arrested earlier this month for allegedly providing Soviet diplomats and Chinese buyers with technical documents obtained illegally at the Yokota US air base near Tokyo.

The alleged spies received more than $714,000 in exchange for selling the documents, police said.

Reports have said the materials included information on US fighter and aerial surveillance craft.

Foreigners sell $3.4bn of Japanese securities

By Ian Rodger in Tokyo

FOREIGN INVESTORS sold $3.4bn (£2bn) worth of Japanese securities last month, apparently because of nervousness about the very high share prices on Japanese stock markets.

According to the Tokyo Stock Exchange, non-resident investors were net sellers of Japanese shares for 12 consecutive weeks ending May 23.

The sales contributed substantially to a 44 per cent rise in Japan's long-term capital deficit to $12.6bn from March to April, according to monthly balance of payments figures published by Japan's Ministry of Finance.

The balance of payments figures showed the current account surplus in April amounted to $7.9bn before seasonal adjustment, down 3.2 per cent from March.

The trade surplus was $8.8bn, down from March's $9.3bn. Exports in April rose 10 per cent from a year earlier to a record $19.2bn. Imports totalled $10.4bn, up 7.2 per cent from a year earlier. The deficit on invisible trade balance widened to $563m from the preceding month's $366m, partly because of a record travel account deficit of $678m.

Aquino promises quicker pace of land reform programme

BY RICHARD GOURLAY IN MANILA

PRESIDENT Corazon Aquino of the Philippines yesterday told farmers she was committed to passing a land reform programme while she still has the power to legislate by decree before congress sits in late July.

However, she said she would leave congress to legislate redistribution of the large sugar, coconut and agri-business estates that would be the most difficult politically and technically to put under land reform.

The plan emerging appears to be an acceleration of the rice and corn land reform programme that former President Ferdinand Marcos introduced in 1972. The plan so far has benefitted only 32 per cent of rice and corn farmers covering only 2.5 per cent of arable land.

It appears to rule out the possibility that Mrs Aquino will take the lead and use her family's 6,000 hectare sugar estate as a model for land reform.

Many economists say that land reform is essential before the agricultural population can become self-sufficient in food and then provide the demand to sustain an industrial sector.

The more immediate effect of land reform would be to cut the ground from under the Communist-led New People's Army insurgency which over 18 years has fed off lack of commitment to reverse the skewed structure of land ownership.

Mrs Aquino has come under

Aquino: finance unrseolved

pressure to legislate because of scepticism that congress, which will be dominated by landowners, will stall real reform.

On Thursday a group of large landowners launched their opposition to land reform by presidential decree. Many of them object to the plan to base the level of compensation on the valuation he gave to the property in his last tax return. For years, landowners are thought to have undervalued their land value for tax reasons.

Finance remains the most serious unresolved problem. "Distribution for the sake of distribution is not enough," Mrs Aquino told the farmers yesterday. Latest estimates suggest the government will have to raise more than $2bn to finance compensation for landowners and to provide new owners with agricultural credit and extension services.

The administration is still undecided whether to raise the funds from external aid donors or to allocate finance from uncertain internal sources such as proceeds from disposal of government assets.

Reuter adds: A militant peasants' group said yesterday President Aquino's failure to order the break-up of large plantations meant she would be unable to end the communist insurgency.

● Leaders of three separatist Moslem insurgent groups yesterday agreed to a referendum in the southern Philippines to decide the future political structure for 23 provinces. It is the first sign that the country's Moslems who make up 4 per cent of the population might unite to negotiate with the Government to end a sporadic 14-year struggle for separation.

The Government wants a referendum in the 13 southern provinces where the Moslems mainly live. The Moslem leaders also denied reports that opposition losers in this month's elections were arming the Moslems to fight once Ramadan ends this weekend.

Doubts over sharp fall in US indicators

By Nancy Dunne in Washington

THE US Commerce Department's index of leading economic indicators fell 0.6 per cent in April, the largest drop in two years but a decline many economists said might be misleading.

The decline of the Government's main forecasting gauge of future economic activity, followed an 0.8 per cent increase in March and an 0.4 per cent rise in February.

The largest factor in the April drop was a report which estimated the average work week for production workers as down half an hour to 40.5 hours a week. However, the labour department noted that the figures were based on a survey week containing two religious holidays when many employees take off work.

The new index was based on nine indicators. When the work week indicator is eliminated then the index declined only 0.1 per cent.

Still, four other indicators showed declines in April, giving some warning of slower economic growth. These negatives included: a drop in the number of building permits issued and new manufacturers orders for consumer goods, a fall in stock prices and a decline in contracts and orders for plant and equipment.

Tokyo anxious to overcome foreign distrust over package

BY IAN RODGER IN TOKYO

"DO TRUST US." That extraordinary plea, from a senior Japanese official yesterday, shows, at least, that the Japanese Government understands the extent to which the world has become distrustful of its promises to stimulate the economy and buy more imported goods.

The official was trying to convince foreign journalists that the Y6,000bn (£26bn) package of stimulation measures announced by the government yesterday would be carried out and would be effective.

As soon as he had finished, another official chimed in "we urge you to look at this package differently from past packages. We are to be blamed if we lose the trust of foreign governments."

The new package received an enthusiastic welcome in financial markets, but other analysts may be inclined to wait and see if it will have much more impact than its predecessors. Officials admitted, for example, that there was not much in it that would help ease Tokyo's sky high land prices.

On the other hand, with the high yen really hurting the country's big export oriented manufacturing industries, the Government now has an internal, as well as an external, incentive to stimulate the economy. Unemployment in April reached a record 3 per cent, accordiing to figures published yesterday.

Government officials admit privately that previous stimulative packages have been introduced largely as publicity exercises to stem foreign criticism, and have never been fully implemented. They point out that, until now, the Government placed a higher priority on reducing its deficits than on expanding domestic demand.

> ‘We urge you to look at this package differently from past packages’

Last November, for example, the Government introduced a Y3,000bn package. Officials now admit little more than Y2,000bn was actually spent. The shortfall was achieved partly by postponing or failing to bring forward, as promised, public works projects.

In the current package, the Government has committed itself to spending 92 per cent of the funds earmarked for public works in the current fiscal year.

Also, in an extraordinary measure to try and compensate for the sluggish growth of imports, the Government itself will buy various high value goods, such as passenger aircraft and supercomputers worth about $1bn, from foreign countries. But the purchases may not indicate much of a change of attitude towards imports. An official emphasised that they would be "mostly products not easily manufactured in Japan."

Similarly, there will be no welcome mat for foreign construction companies wanting to participate in the anticipated public works bonanza. Japan applies a policy of non-discrimination in this area, an official said, but foreign companies would have to prove their competence to participate in the vital business of building Japan's foundations, and that would require them to have a prior track record of working in Japan.

Perhaps the most significant weakness in the package is its lack of measures to resolve one of Japan's most critical problems—the short supply of development land. The extremely high cost of land, particularly in the Tokyo area, has been identified as one of the main causes of the ineffectiveness of the Government's previous demand stimulation packages.

The problem is that a large proportion of public works project spending—in some cases as much as 90 per cent—is consumed in purchasing land, and thus has no stimulative effect on the economy.

Nissan offshoot plans expansion

By Chris Sherwell in Sydney

NISSAN AUSTRALIA, the least successful of the country's five car manufacturers, has foreshadowed a major step-up in production, exports and employment in a five-year programme announced yesterday by its parent company in Tokyo.

The programme appears to integrate Nissan Australia more closely in the parent's international operations, and follows a string of losses by the Australian company over the past four years.

It also raises the question of which of the five producers — General Motors-Holden, Ford, Toyota, Mitsubishi and Nissan—will suffer most in the government's determined rationalisation of the industry, announced in 1984.

Late last year, General Motors of the US threw down its challenge by implementing a costly financial and structural re-organisation of its Australian operations, relieving the group of its debt and splitting it into two.

According to yesterday's announcement from Tokyo, Nissan Japan has now approved the basic plans for a five-year production programme at Nissan Australia.

Although details were not spelled out, they include a fresh capital injection, the transformation of Nissan Australia into a "major design force" and its conversion into a source for completely-built-up vehicles exported to Japan and elsewhere."

"We intend to become the largest exporter of vehicles from Australia to Japan," the group said yesterday. In particular, it mentioned Project Matilda which, if current negotiations prove fruitful, could be linked with Ford.

According to Mr Ivan Deveson, the managing director of Nissan Australia who was appointed earlier this year from General Motors-Holden, at the end of five years, Nissan Australia will be producing 75,000-80,000 vehicles a year with an increased workforce of 3,500.

This will represent a big improvement. The company has suffered poor sales in a small market which has become increasingly depressed in the past two years.

Telecom consortia fail to agree

BY CARLA RAPOPORT IN TOKYO

MERGER talks between the two consortia competing for an international telecommunications franchise in Japan ended without result yesterday.

The two sides agreed to meet again, but little common ground for the proposed merger was found. The issue has become a highly controversial one, as the UK and US Governments have charged that the merger plan is designed to scale down foreign participation in Japan's telecommunications market.

Cable and Wireless has a leading 20 per cent stake in one of the two consortia, International Digital Communications but, in the proposed merged company, it would have only 5 per cent.

The consortium said: "We were able to express our views in a clear and friendly fashion, but we did not resolve anything." Despite the decision to meet again, it is believed the talks will break down in the next month or so if no common ground can be found.

The rival consortium, International Telecoms Japan, is still against IDC's proposal for the construction of a transpacific cable. It told the opposing side yesterday that it should produce letters of intent from potential customers of the cable. IDC rejected this proposal as unnecessary.

At the same time, however, ITJ did say that its feasibility studies do show that there would be enough international telecommunications business to sustain three telecom companies, IDC, ITJ and the current provider, Kokosai Denshin Denwa. Previously, it had maintained that the two new applicants would not have enough business unless they were merged.

Optec DD to open £2.1m plant in North Wales

BY ANTHONY MORETON, WELSH CORRESPONDENT

OPTEC DD became the fourth Japanese manufacturer to set up in North Wales when it *announced yesterday that it* would begin production of electrical components at Buckley, in Clwyd, next spring.

The £2.1m undertaking will concentrate on the company's range of fine magnetic wires and high-grade wire harnesses. It is expected to employ 100 people.

Mr Kuniyasu Oki, executive managing director of Optec Dai-Ichi Denko, said it hoped to start production of thin flat cables for use in electronics equipment, cars, airplanes and sensitive sensors within three years. That would involve an expansion in the workforce.

"Our aim is to grow to be one of the major industries in Buckley," he said.

This is the first move into Europe for Optec, which employs 600 people in the Far East and the US and last year had a turnover of some £160m.

The company was set up in 1936 and is a leading manufacturer of magnetic wires. It claims to have almost a third of the Japanese market in *magnetic-1field wire and Mr Oki* stated it was the first concern to develop and supply coated wire.

More recently Optec has moved offshore with a joint operation in Taiwan and also into the US with a manufacturing plant in Missouri.

The arrival of the Japanese concern will be widely welcomed in North Wales. Unemployment in Buckley has not recovered from the closure of the Shotton steelworks, and is running at almost 20 per cent according to Mr Mervyn Phillips, chief executive of Clywd County Council.

The county has recently had considerable success in attracting industries, helped by its development area status which *allows the oGvernment to offer* mandatory grants of 15 per cent on all new plant and machinery as well as additional selective assistance.

The Welsh Office has probably put more than £500,000 towards the project.

Recent incomers to Clwyd *have included Shotton Paper,* Squibb and Optical Fibres. The three other Japanese concerns—Hoya Lens, which produces prescription lenses, Sharp Electronics, which manufactures microwave ovens, and Brother Industries, producing typewriters, are all around Wrexham. These three already employ 1,000 workers.

Wales has been the most successful part of the UK in attracting Japanese investment. Optec DD is the 13th Japanese concern in Wales and many of them, such as Sharp, have undertaken, or are about to undertake, big expansion programmes.

Altogether, the 13 employ over 4,000 people and had a combined turnover at the end *of last year of some £320m.* It has bee nforecast that by 1990 the companies will have a workforce of over 6,000 and a combined turnover of more than £400m.

Liquidity of large companies rises 7%

By Ralph Atkins

THE LIQUIDITY of large industrial and commercial companies rose by nearly 7 per cent in the first quarter of 1987, according to figures from the Department of Trade and Industry.

The increase follows a sharp fall in the last three months of 1986, when the ratio of current assets to current liabilities fell from 103 per cent in the previous three months to 90 per cent.

By the end of March 1987 the ratio had climbed back to 96 per cent.

The drop at the end of 1986 is explained by higher tax payments and a switch from long-term borrowing, which is not included in current liabilities, to short-term borrowing, which is. The rise in the first quarter of 1987 partly reflects a catch-up.

However, the department said its latest figures were less reliable than usual because of computer problems and a slow response from companies involved in compiling annual accounts.

The company liquidity ratio, seasonally adjusted, has remained relatively steady since the last quarter of 1984. The figures of 103 per cent and 90 per cent mark the limits of the narrow band within which the ratio has moved.

The estimates cover all industrial and commercial companies with a capital employed of more than £22m in 1982.

In the first quarter of 1987 the total current liabilities of these companies increased by £1.5bn to £28.17bn but total current assets rose by £3.1bn to £27bn.

Most of the increase in liquidity is explained by manufacturing companies. The liquidity ratio in this sector rose from 70 per cent in the last three months of 1986 to 76 per cent in the first quarter of 1987.

Manufacturing companies' current liabilities fell by £500m to £15.47bn in the first quarter of 1987 while current assets increased £600m to £11.72bn.

The liquidity ratio for non-manufacturing companies increased by just one percentage point to 120 per cent in the same period.

Michael Donne on the power struggle between aero-engine makers

R-R decides on its next big thrust

Rolls-Royce RB-211-524D4D turbofan engine: low fuel consumption

ROLLS - ROYCE'S recent decision to consider developing its RB-211-524 "big thrust" engine to produce even more power, effectively aiming to produce a new derivative engine, has been dictated by intensifying competition from its two US rivals—General Electric and Pratt & Whitney.

Over the next few months, Rolls-Royce will study such things as market demand, the progress being made by its US competitors and the costs the development would involve. It expects to decide for or against the project before the end of the year.

The company's decision seems certain to be positive, to avoid missing growing demand for higher-thrust engines among the main world airlines, as their need for bigger payloads and longer non-stop flights in turn necessitates heavier aircraft.

Three existing power-plants—the RB-211-524D4D, General Electric's CF6-80C2 and Pratt & Whitney's PW-4000 — are already on order for the latest version of the Boeing 747 Jumbo, known as the Series 400.

In addition, the two US engines are on order for a wide variety of other large airliners, such as the Airbus A-300-600 and A-310-300 medium-range aircraft, the Boeing 767 and the McDonnell Douglas MD-11 tri-jet. They are also being designated for the proposed Airbus A-330.

Having missed the earlier Airbus contracts, which have gone exclusively to the US engine builders, the only one of those aircraft on which the Rolls-Royce 524 is specified is the Boeing 767, following a recent agreement between Rolls-Royce and Boeing.

But Rolls-Royce is also discussing with McDonnell Douglas use of the 524 on the MD-11, and is holding talks with Airbus about offering the 524 to airlines on the proposed A-330 as part of its plan to seek the widest possible market for the engine. It is possible that the projected RB-211-700 could be included in these discussions.

"Big thrust" engines are necessary because these aircraft are heavy and big. They require substantial power to get them off the ground when fully laden with passengers and fuel for medium-range or long-distance flights.

For example, the maximum take-off weight of the latest version of the Jumbo jet—the 747-400—is about 850,000 lb, while that of the projected MD-11 will be more than 600,000 lb, and that of the Boeing 767-300 Extended Range model about 400,000 lb.

Coupled with this demand for power is the need for low fuel consumption in order to cruise many thousands of miles non-stop.

This requirement is becoming more urgent as airlines strive to make profits with big aircraft that becomes ever more expensive to buy and as non-stop long-distance flying becomes more common.

The engine builders' technology is therefore directed at refining both areas—power and low operating costs. They are striving to reduce the cost per mile flown, while airlines and airframe builders demand increased thrust.

The RB-211-524 has been developed progressively over the past few years from the original 524-B2 engine of 50,000 lbs thrust, which entered service in 1978, up to the current D4D version of 58,000 lbs thrust with a specific fuel consumption improved about 14 per cent over the original B-2. The D4D is due to enter service in the Boeing 747-400 in the spring of 1989.

But even at that power rating, although it is claimed to have the lowest fuel consumption of any of the three "big thrust" engines available (which is why it is winning orders), it is behind the CF6-80C2 in thrust terms. General Electric rates its engine at 61,500 lbs with potential for growth to 62,500 lbs. It says it can deliver in early 1988.

Meanwhile, Pratt & Whitney's PW-4000, for delivery this summer, is also capable of about 60,000 lbs and may produce still more thrust.

These outputs are adequate for existing or planned large airliners. Yet none of the engine builders can be sure whether airframe makers, responding in turn to changing demands from the airlines, will seek engines of still higher power and even lower fuel consumption over the next few years.

Already, for example, McDonnell Douglas has proposed a possible ultra-long-range development of its MD-11 — to compete with the proposed Airbus A-340 four-engined jet — which will probably need improved versions of all three "big thrust" engines.

Boeing may also be looking for an even more advanced version of its 747 by the mid-1990's, with much greater range. And Airbus may want to offer several variants of its short-to-medium-range A-330.

It only needs a fraction of a single percentage point improvement in either power or consumption, or both, to make the difference between millions of pounds a year profit or loss for an airline, and therefore winning or losing a billion-dollar order from a particular airline.

Rolls-Royce knows already that the 524 is capable of development to 65,000 lb thrust or beyond, and that it can also get the fuel consumption down by at least another 5 per cent, provided the market demand is there.

The studies Rolls-Royce will undertake before formally launching development of the RB-211-700 will include an assessment of the progress by its competitors and an analysis of world airline trends, in addition to detailed study of the technological improvements required.

The costs involved will be critical. Rolls-Royce believe that these may not be too high, because it has already carried out much of the basic research and can pull it together into the new power-plant for a much smaller sum than would be involved in developing an entirely new engine.

However, like other engine manufacturers, it has many calls on its research and development budget. Since its privatisation this month it has been especially at paints to ensure that the sums committed to the RB-211-700 will produce profitable results through long-term sales.

Government launch aid remains a potential source of funds, but the company is not yet in a position to say whether or not it would seek such assistance, particularly so soon after its privatisation.

Reckitt to sell Beecham goods in Australasia

By Christopher Parkes, Consumer Industries Editor

RECKITT AND COLMAN, the food, drugs and toiletries company, is to take over the manufacture and marketing of several Beecham Group consumer products in Australia and New Zealand.

In the £12m deal, Reckitt will gain production and distribution rights of Macleans toothpaste, Brylcream, Lucozade, Horlicks, Ribena, Bovril and Eno antacid. However, Beecham said it would still own and ultimately control the brands and would be paid royalties by Reckitt on all sales. Beecham's Australasion drugs and cosmetics operations are not affected.

The deal also involves the sale to Reckitt of locally-marketed products such as Claytons soft drinks and Charmers deodorants.

Beecham, which last year sold the bulk of its UK soft-drinks business, said the arrangement was further evidence of its determination to ensure that all operations achieved a satisfactory return.

Unisys forecasts 16% sales increase this year

BY TERRY DODSWORTH

UNISYS, the US-based computer group formed from the merger of Burroughs and Sperry, is forecasting a 16 per cent increase in its UK sales this year, helped by a significant expansion in its customer base.

Mr John Perry, managing director of UK operations, said the company's turnover in the 1987 calendar year was expected to advance to $425m (£261.4m) against $366m in 1986, while profits would show an "even greater" rate of growth.

Equipment sales were likely to rise particularly rapidly, going up by about 40 per cent, while revenues from engineering and other services would remain broadly static.

Unisys is also anticipating similar expansion throughout western Europe, where sales in the first quarter were up by 15 per cent. Last year, Unisys's turnover in Europe was $2.4bn.

The group's performance since last year's merger, which created the world's second largest computer company, belies widespread suggestions that the combined organisation would lose market share as a result of rationalisation. Rather than losing share, Unisys now claims to be making gains in the market place, and says it is on the point of announcing several large orders from new customers.

On a visit to London this week, Mr Michael Blumenthal, Unisys chairman and architect of the amalgamation, said one reason for the healthy performance of the group was that customers had been reassured about the future of both of the constituent companies.

Corporate clients had been worried about the continuity of product supply because of long-running speculation over possible takeovers in the US computer industry, but that anxiety had been removed.

In addition, he said, the group's policy of maintaining its two separate product lines had removed a further uncertainty

He reiterated Unisys's commitment to the two products, saying that the benefits of the merger were coming from economies in other areas:

Engineering-related output shows little change

BY NICK GARNETT

OUTPUT from all engineering-related industries remained largely unchanged in the first quarter of this year compared with the last quarter of 1986.

According to Department of Trade and Industry statistics, mechanical engineering output rose by 1 per cent, which was offset by a 1 per cent fall in electrical and instrument engineering.

Compared with the first quarter of 1986, the combined engineering industries' output was up by 4 per cent.

Electrical and instrument engineering was higher by 8 per cent while mechanical engineering was lower by 1 per cent.

Within mechanical engineering, output of construction and earthmoving equipment, and engine manufacture increased in the first quarter of 1987. However, boiler manufacturing and process plant fabrication fell.

Bath hotel is sold for £7.5m

By Paul Cheeseright, Property Correspondent

BATH'S Royal Crescent Hotel, one of the most famous hotels in the country, is changing hands for £7.5m.

Norfolk Capital Group announced on Thursday that it was buying the hotel from Blakeney Hotels for £2m in cash and an issue of shares which Blakeney is selling on to institutional investors.

The four-star hotel, on the Georgian Royal Crescent which gives it its name, has 45 bedrooms, including 13 suites. In the year to last October, when Americans were staying away because of fears of terrorism and fall-out from the Chernobyl nuclear disaster, it made operating profits of £364,000.

Norfolk Capital Group aims to expand the hotel's facilities with the redevelopment of two buildings in the hotel grounds behind the Royal Crescent.

The group is effectively exchanging one Bath property for another. It owns the Royal York Hotel, which needs refurbishment and which was put on the market yesterday.

The group specialises in running four-star and five-star hotels. It owns the Royal Court and Norfolk Hotels in London and others in Cardiff, Harrogate and Edinburgh.

Taxi-sharing scheme for Heathrow

A SCHEME to cut the cost of travelling by taxi will be introduced experimentally at Heathrow Airport's Terminal 1 on Monday.

Incoming passengers prepared to share a taxi will be able to travel to destinations in a wide area of central London for as little as £7 each —compared with a current fare of £17 or more.

It is the first taxi-sharing scheme anywhere in the country.

It has been introduced following consultations between Heathrow Airport, the Department of Transport and the licensed cab trade.

Portrait of Desmond Donohoe by Patrick Procktor.

AMERICAN EXPRESS

PROFILES OF SUCCESS

Those tiny labels on the back of the toaster, the CD player, or the micro-computer don't look as though they could make someone's fortune.

But they've made Des Donohoe's.

When you buy a machine from IBM, Wang, Honeywell, Ferranti or Digital, the little silver label on the back which tells you about the voltage was probably made by Donohoe's company, Donprint Label Systems.

It's made the 37 year-old Glaswegian one of Britain's most successful entrepreneurs. And all from a factory in East Kilbride, which manages to combine hi-tech with low rent.

Des Donohoe first got the idea of working for himself in the middle of the Pacific Ocean. He was a young marine engineer on a P&O ship; "and you got plenty of time to reflect on your life." He was 21.

When he came ashore two years later he took a job with an international corporation based in Britain, which sold labels and the machines that made them. At night he studied sales and marketing.

Gradually he came to believe that he might be able to do the same job they were doing – only better, and cheaper.

"They were a multi-national and decided in their wisdom that they could dictate to the market place."

He smiles. "Fatal, absolutely fatal."

But very good for Mr Donohoe. "I decided that as far as I was concerned that was exactly the wrong thing to do – I thought that you should always go where the market was demanding."

He eventually left the company and, after a two-year gap, went after "the clients they had overlooked, or weren't interested in."

Instead of making the small but expensive labels out of anodised aluminium, which had to have all the information specially hammered onto it, Donohoe offered self-adhesive labels made out of polyester with a metallic finish, that could be printed by computer.

"Clean, smooth, no tools, nothing. My labels did the exact same job but they cut the costs by 75%. And were 20 times faster to use."

Starting out in 1979 with just £500 of his savings, which he used to buy a second hand labelling machine and take an option on 1,000 square feet of factory space, Donohoe "went out and got the orders for Donprint during the day; and then went back to the factory and ran them myself at night."

In his first year he sold just £20,000 worth of labels, didn't make a profit, and didn't pay himself a salary.

But even though he had a young wife and two small children, he persevered. "The risks weren't all that great. OK, I might have had to sell my house temporarily if I'd failed. But I could have gone out and got another job."

"I can honestly say that I never sat down and physically worried about what was going to happen – never. I knew that providing we gave the customers what they required when they required it – which I was paranoid about – I didn't have to worry about going bust."

He certainly didn't. In 1986 he and his 25 employees sold labels worth more than £1.5 million and won the British Telecom-sponsored National Small Business Efficiency Award.

In August Donprint will move into Britain's newest science park near Glasgow and Donohoe is already planning what to do next.

"We're documenting everything we do here, so that we can reproduce it exactly in other countries," he explains, sitting in the tiny office he shares with his General Manager.

"Our people don't work for me personally. They work for Donprint. We respect them. We don't have clocking on or anything like that." A profit sharing scheme and non-contributory pension make the point more eloquently.

"We're a tight/loose organization. Tight on financial controls, revenue and production figures – but very loose in the way people want to carry it out."

That is one reason why Donprint long ago gave a group of its employees, "especially the travelling and spending ones, like the four regional sales managers," American Express Company Cards.

"They helped streamline the way we do things, which I've always been keen on, showed that we trusted people, and helped keep track of expenditure. American Express have a system specifically designed for small businesses and it seems to suit us."

Not surprisingly Donohoe had his own Card first. "I was doing a lot of travelling, and it was absolutely essential". But there was another, private, reason why he liked it.

"I'm like John F. Kennedy," he says suddenly, "I never carry cash – never." Dramatic pause. "I borrow it. In the best Scottish tradition."

It's a terrible fib, but there's only the hint of a twinkle in Des Donohoe's eye.

For more about Donprint, ring 03552-37455. For more about the American Express Company Card and its system for Small Businesses, ring 0800 626171 (toll free).

Poll causes alarm for Tories in Edinburgh

By James Buxton

AN OPINION POLL yesterday delivered a shock to the Conservative Party in Scotland. The System Three poll for the Glasgow Herald and Scottish Television showed that Labour has a lead of 11 per cent in the key marginal constituency of Edinburgh South.

Edinburgh South was held at the last general election by Mr Michael Ancram, Scottish Office Housing and Local Government Minister, with a majority of 3,655 over the Social Democrat Party, with Labour six votes behind the SDP.

In that election he won 36.8 per cent of the vote, a lead of 8 per cent over the other parties. The System Three poll, taken earlier this week from a sample of almost 1,000 people, puts Mr Nigel Griffiths, the Labour candidate, in the lead with 38 per cent, Mr Ancram in second place with 27 per cent, and the SDP candidate Mr David Graham in thirr place with 24 per cent.

Conservatives were privately shocked by the size of the Labour lead, which is far greater than that which could have been expected in the constituency from the most recent poll of overall Scottish opinion. That put the Conservatives at 27 per cent, a percentage point below their 1983 election result: Labour at 44 per cent, compared with 35 per cent in 1983; the Alliance at 17 per cent compared with 24 per cent, and the Scottish National Party unchanged at 12 per cent.

The City of Manchester will lose its only Tory MP, according to an opinion poll published yesterday.

Mr Fred Silvester will see his 2,373 majority in Manchester Withington in the last election overturned on June 11, said the Mori poll commissioned by the Granada Reports television programme.

Labour is surging ahead in the Tory-held marginal of Calder Valley, according to a poll for Channel 4 news

The poll, conducted by Harris Research on Wednesday and Thursday using a sample of 646 voters, gives the Conservatives 30 per cent, Labour 45 per cent and the Alliance 24 per cent.

Welsh Nationalists today published the findings of an opinion poll they claim was scrapped by HTV Wales under pressure from Labour Party officials.

It showed Plaid Cymru running neck-and-neck, at 34 per cent, with the Tories in the key marginal seat of Ynys Mon, Anglesey.

Labour, whose candidate is Mr Neil Kinnock's brother-in-law, Mr Colin Parry, was placed 13 points behind.

HTV abandoned the poll after a complaint that two sixth-form pupils were among the team of pollsters interviewing 1,000 people on the island.

Thatcher out to 'sabotage' arms deal

LABOUR'S shadow Foreign Secretary, Mr Denis Healey, claimed last night that Mrs Thatcher was planning to sabotage a superpower agreement on nuclear arms.

He accused the Prime Minister of "criminal folly" and said her position on nuclear arms would lead to a proliferation of nuclear weapons throughout the world. Mr Healey was speaking at a rally in Edinburgh.

He said the world was now facing its "first real chance of disarmament since Hiroshima. It could also be its last chance unless we seize it right away," he said.

He said both President Reagan and Mr Gorbachev, the Soviet leader now recognised the danger of basing security on the threat of mutual suicide and that a nuclear war could not be won.

"Both aim to rid the world of nuclear weapons altogether," he said. "But not Mrs Thatcher. "She ignores the lessons of Chernobyl. She rejects the very concept of nuclear disarmament."

While the US and the Soviet Union were moving rapidly towards agreement to cut their nuclear weapons by half, Mrs Thatcher was planning to spend £10bn on US Trident nuclear submarines.

"Far worse," he went on, "She is planning to sabotage the argeement between Russia and the United States which would rid Europe of two whole classes of nuclear weapons in which Russia has an enormous superiority.

● Mr Norman Tebbit, the Conservative Party chairman, yesterday kept up the Tory attack on Labour defence policy, claiming that the experience of the Second World War proved that an occupation was tenable.

Speaking on BBC's Election Call programme, he posed the question of what a government with nuclear blackmail after it had renounced both its own tion of its allies.

Militant 'forced on retreat in Liverpool'

MR NEIL KINNOCK, the Labour leader, made a flying visit to Liverpool yesterday and claimed his party had "pushed back" the Militant threat in the city.

He angrily denied suggestions that his visit was deliberately kept secret until the last minute because of fears of a Militant backlash.

His trip took in the Mossley Hill constituency being defended by Liberal Mr David Alton, the one seat in the city not held by Labour.

It was Mr Kinnock's first visit to Liverpool since the expulsion from the Labour Party of Militant former council deputy leader Mr Derek Hatton and his colleagues.

Mr Kinnock said during a visit to an old people's day centre: "The Liverpool Labour Party has most certainly changed in details and in spirit and we now have an excellent council and very good people right throughout the party, getting on with the job of trying to get a square deal for this city.

"Much of that depends on getting a Labour government returned so we can work in partnership with the city council.

"Militant has been pushed back and I am sure people living in Liverpool and seeing the leadership coming through now know very well that we have dealt with the Militant problem."

Mr Kinnock's welcome at Speke airport was low-key, with the Labour leader being greeted on his arrival only by his wife, Glenys, and Mr Raymond Gill, the party's north-west regional officer.

Mr Gill said the muted reception was his idea.

Details of the trip were not disclosed in advance, and even two Labour MPs in the city did not know about it until told by journalists.

But Mr Kinnock told one reporter who asked about Militant and the secrecy: "You should take a doctorate in irrelevance."

Asked about Alliance claims that he had sneaked into the one Liverpool constituency which was not Labour-held, Mr Kinnock said: "It just shows how desperate they are. They are the experts on sneaking. I don't go to seats that we already hold, whoever is the sitting member, because all the party's time and energy is concentrated on picking up those marginals we need to pick up in order to form a government."

Talking about the Labour Party constitution "bores people rigid" in comparison with the real issues, he said.

● Mr Kinnock yesterday accused the Tories of "dishonouring our mothers and fathers' generation" with their pensions policy.

He claimed the Government wanted to "impose higher taxes on the pensioners by increasing VAT on all items other than food and to make even the poorest individuals liable for some payment of poll tax.

"That — if the Tories ever got the chance — would add further injustice to insecurity. That is how today's Tories dishonour our mothers' and fathers' generation."

Tory plans unveiled for tenants' choice

BY LISA WOOD

A REVISED LIST of approved landlords who will accept tenants coming out of local authority control would be set up by a future Conservative Government, Mr Nicholas Ridley, the Environment Secretary, said yesterday.

Mr Ridley gave details at a press conference of the Conservatives proposals for council tenants to choose new landlords.

This list, he said, would be separate from the list of landlords operating the assured tenancy scheme — the partial deregulation of private lettings made in 1980 which is to end.

Mr Ridley said landlords on the new list would have to be on a sound financial and legal basis and of high repute.

In explaining how tenants could opt out of local authority control he said tenants would be asked to ballot on the issue. Unless a majority objected a change could take place. Those who wanted to stay with the local authority would have their property sub-let back to the local authority.

He said rent in blocks of flats which came under new landlord control could be increased by negotiation if, for example, extensive repairs were to be carried out.

Tenants would not lose their right to buy under a new landlord. Mr Ridley said: "His right to buy would still apply if he wished to exercise it."

Mr Ridley was asked whether local authorities would be compensated in the rate support grant if left with debt on the building of properties which then passed out of their control.

He said: "They would get support on the interest of any debt if they made a loss on the transaction." Mr Bryan Gould, Labour's campaign co-ordinator, later in the day, responding to Mr Ridley's comments on housing, said that hte Tories were "in almost as great a mess as they have got themselves into over education."

He called "confusing and confused" the proposal that local authorities would sub-let from new landlords those flats occupied by people who did not wish to leave local authority control.

Mr Ridley, at the press conference, also outlined proposed rent reforms. He said: "We aim to bring 550,000 empty private homes and the 115,000 empty public sector homes into use."

Lettings by private landlords would be encouraged by measures which include the amendment for new lettings of the Assured Tenancy Scheme to remove restrictions on the type of property and the landlord who could let.

Laws against harassment and wrongful eviction would be strengthened. Tenants under the "assured" and "shorthold" tenancy rules would have rights to have repairs done. All existing private and housing association tenants would continue to have their present protection as regards rents and security of tenure.

Red rose problem for Hattersley

LABOUR'S deputy leader Mr Roy Hattersley has a problem with his party's new problem—the red rose.

He cannot stand being near one, and has to wear an artificial flower.

"I am allergic to the things —I get terrible hay fever and I'm allergic to all flowers and pollen," he said during a tour of Greater Manchester.

Rounding up the votes

ALLIANCE candidate Mr Richard Hall is hoping to gallop into Westminster — he has taken to riding on horseback to round up votes in his sprawling South Yorkshire constituency.

The Barnsley West and Penistone constituency includes vast tracts of Pennine moorland.

Michael Prowse assesses a Yorkshire contest with its own special divide

Battling for votes in a divided kingdom

Pretenders to the Elmet vacancy: Colin Burgon and Spencer Batiste

MR SPENCER BATISTE, the ebullient Tory seeking re-election in the Leeds constituency of Elmet, likes to joke that he is the only MP in England who represents a kingdom. The history books do indeed confirm that Elmet was an independent kingdom during the Dark Ages.

Scholars know very little about the historical Elmet, but it is doubtful whether the kingdom could have been more divided than the modern constituency that now occupies much of the same peaceful Yorkshire countryside.

Elmet the constituency was thrown together apparently haphazardly in the 1983 boundary changes. It is best thought of as an upside-down microcosm of the UK as a whole. It has its own virulent north-south divide. Only here it is the north that is prosperous (more like Buckinghamshire than the outskirts of Leeds) and the south, with its sad dead collieries, that is poor and downtrodden.

The contrasts do not end here. Elmet also has its share of inner city problems: pensioners trapped in vast blocks of council flats in the eastern ward of Whinmoor (part of Denis Healey's Leeds East constituency before 1983) are as terrified of muggers and vandals as anybody in Brixton. Yet rich agricultural land, lotted with isolated villages, lies only a short drive from the sprawling council estates. As Mr Batiste remarks, the constituency contains everything except a port.

In 1983, Mr Batiste won handsomely, taking 47 per cent of the vote and gaining a majority of nearly 8,000. This time he faces a tougher battle. Labour, in Mr Colin Burgon, a 39-year-old teacher in a local comprehensive, has a more convincing candidate.

More important, it is much better organised than last time. "We were like Dad's Army in 1983," says Mr Les Wigglesworth, a miner at Allerton Bywater (the constituency's sole remaining pit) and chairman of the local Labour Party, "now we are more like a crack SAS squad."

Better organisation seems evident in local election results. In 1983, Labour was 10 percentage points adrift of the Tories. By this may, the lead in Elmet had been cut to under 3 percentage points. Two of Elmet's wards—Barwick and Kippax and Garforth and Swillington—registered the highest Labour votes in the whole Leeds city area. Whinmoor was also held more convincingly than in 1983.

The Tories have also last ground in local elections to the SDP-Liberal Alliance. But both they and Labour regard the Alliance challenge in the general election as derisory. Mr John MacArthur, the Alliance candidate, a 53-year-old lecturer in development economics at Bradford University, is unperturbed at fighting an unwinnable constituency.

He says he was dragooned into standing and is "not desperately anxious to be in parliament." His job, which mainly involves advising developing countries, is clearly more important to him than politics.

That, of course, does not mean that he might not make an excellent MP. As Plato remarked, the sort of people who are likely to make the best political leaders are those that would rather be doing something else and woh have to be dragged kicking and screaming into politics.

Mr Batiste, a 41-year-old solicitor, hardly fits this mould. Educated at Carmel College, the Sorbonne and Cambridge, he seems politically intensely ambitious. He describes himself as being in the centre of the Tory Party but his opponents decry him as a union-bashing Thatcherite.

He is Yorkshire area president of Conservative Trades Unionists and has embittered many working class constituents by his ostentatious support for working miners during the 1984-1985 coal strike.

Down in the poor south of the constituency, his rather grand house (Walton Old Hall near the posh market town of Wetherby) and fancy education cut little ice. Labour activists like

CONSTITUENCY COMMENTARY

Mr Wigglesworth clearly respect his skill as a debater but they dislike and distrust him as a person.

Mr Batiste's lack of appeal beyond the northern ward of Wetherby (a Tory stronghold) was evident at a public meeting he held on Wednesday in the small town of Kippax in the south of the constituency. The turnout was dismal: apart from Mr Batiste's entourage, only eight people turned up. Most of them were extremely hostile. Mr Batiste delivered a speech that would have had Tory central office cheering; it left his tiny audience stone cold.

He eulogised about the benefits of privatisation. A man stood up to say that he would lose his home if more local authority services were contracted out. He waxed lyrical about the expanding health service.

A man stood up to protest at the 1,200 per cent rise in prescription charges since 1979 and explained how his 12-year-old daughter, who has a serious kidney complaint, could now get treatment only once a year instead of every six months. There was absolutely no meeting of minds.

Indeed, there is no agreement in Elmet even about the relative importance of local issues. Mr Burgon, the Labour candidate, says that jobs, housing and the state of the health service are the topics most often raised on the doorstep. Mr Batiste says defence and education top the agenda.

Mr Burgon is trying to make mileage out of the 400 redundancies announced at a nearby Royal Ordnance Factory following its sale to Vickers. Mr Batiste is concentrating his fire on a controversial Leeds City Council plan to introduce tertiary colleges, which would result in the stripping away of sixth forms from Elmet's highly regarded comprehensive schools.

Elmet in short is as divided as the country as a whole. For Mr Burgon, the economic landscape is desolate: he calls passionately for a revival of manufacturing industry. For Mr Batiste, who lives almost next door to apparently flourishing small service and distribution businesses on the Thorp Arch trading estate, it is bursting with Thatcherite ingenuity.

Whose vision will prevail? The answer, almost certainly, is Mr Batiste's. The constituency, is not, as the Yorkshire Post suggested this week, a safe Tory seat, but unless Mr Kinnock steams ahead in the national polls, the Tories seem bound to hold on, albeit with a much reduced majority. This will leave a bitter taste in many mouths in the kingdom of Elmet.

1983 election result: S. Batiste (C) 23,909; R. Wilson (Lab) 16,053; G. Patterson (Lib/All) 10,589. C majority 7,856. Turnout: 75.4 per cent.

Tories resist European VAT rates

By Lisa Wood

A CONSERVATIVE Government would veto proposals for value-added tax rates in Britain to be decided by the European Community, the Prime Minister said yesterday.

Mrs Margaret Thatcher, responding to questions at a press conference about Community proposals to harmonise the imposition of VAT in Europe, said: "We would veto plans to come under a Community-based system."

She said that for Labour to accuse the Conservatives over intentions to increase VAT was "absolutely absurd."

Mr Roy Hattersley, Labour's deputy leader and shadow Chancellor of the Exchequer, commenting on Mrs Thatcher's statement on VAT said she had not ruled out increases and extensions in VAT.

Mr Hattersley said: "Throughout this campaign the Conservatives have persistently refused to rule out higher VAT rates and they have persistenlly refused to rule out the end of zero-rating on fuel and power, children's footwear and clothing, books and newspapers, new building and water.

Labour to press education issue

BY TOM LYNCH

LABOUR WILL bring education back to the centre of the election campaign debate in the next few days, Mr Bryan Gould, the party's campaign co-ordinator, indicated yesterday.

He said education had been the "growing issue" of the campaign and accused the Government of being "anxious to beat the defence drum to distract attention from the mess and muddle they have got themselves into over education."

Labour leaders are likely to try to reopen the apparent confusion among ministers about the Conservative plan to allow State schools to opt out of local authority control in favour of direct grant assistance from the State — in particular the uncertainty over whether parents would be expected to help fund such schools.

He said confusion had arisen over the Government's position because the proposals had not been thought through properly, and he warned that the campaign would focus on education in the next few days. "Many aspects of Conservative education policy have yet to be brought out into the open."

Mr Gould said yesterday that the proposal to allow opted-out schools to offer higher salaries to attract better teachers would lead to higher costs "and those costs will have to be met by some form of additional parental contribution.

"Mrs Thatcher instinctively yearns for a system in which some parents can monopolise for their privileged children the best schools, the best facilities and the best teachers and protect their exclusivity by putting a ring fence round them," the main element of which would be selection by tests at seven ,11 and 14.

Bright children from poor homes who got over that obstacle would be kept out by the further barrier of fees. Cheque books would be more important than textbooks in those schools, said Mr Gould.

Labour may not continue BES scheme

BY PHILIP COGGAN

THE LABOUR Party has criticised the Business Expansion Scheme for encouraging tax avoidance and says it has "no formal commitment" to continue the scheme if it forms the government after the election.

The three main parties were asked by BES Investment Research to outline their plans for the scheme, which was started by the Conservative government in 1983 to encourage private individuals to invest in unquoted companies.

Investors are exempted from both income and capital gains tax on BES investments, provided they hold the shares for at least five years.

As might be expected, the Conservative party has no plans to alter the scheme, but both opposition parties plan change.

The Alliance points out that it has already proposed amendments to the Finance Act to adjust hte scheme in favour of risk-taking and hi-tech companies instead of safer, asset-backed groups. It also hopes to shift the geographical bias of the scheme away from the south-east and towards the depressed regions.

Labour said that it will establish a British Investment Bank to make funds available for small and medium businesses to expand and develop new technologies. A modified version of the BES "could have a future under a Labour government," but some changes are certain.

Stamping their mark on election

By Charles Leadbeater

THEIR ROLE as defenders of democracy has passed largely unnoticed by political commentators annd historians. But in the next few days Britain's postmen and women will stride forth on their rounds to carry out their democratic duty — delivering about 3,600 tonnes of election material on to the nation's door mats.

Over the next couple of weeks the Post Office will be responsible for delivering 43m polling cards and about 80m envelopes containing the election addresses of each candidate. Under the so-called "election free post" all candidates are allowed one free mailing to each voter in their constituencies.

The operation, which compares in size with the Post Office's activities during Christmas, when it delivers 1,100m items within 24 days, is masterminded by quietly spoken Ms Margaret McGrath.

Ms McGrath has built up considerable experience in handling special events. She was responsible for the mailing arrangements for the big privatisation issues such as British Gas when 50m pieces of mail—publicity material, pathfinder prospectuses, prospectuses, application forms—went back and forth between the company, banks and investors. The election is a much more sensitive matter, she admits and the Post Office started planning in January.

In some areas such as Guildford, where the district post office covers parts of 17 constituents, meticulous planning is required to ensure the candidates messages reach the right door mats.

The surge of mail will be unleashed now that nominations have closed, but most politicians will want to hold back their mail shots to the last possible moment to maximise their effect, says Ms McGrath.

The £15m bill for the second-class mailings will be paid by the Treasury. The main extra cost incurred by the Post Office is the overtime payments to postal staff struggling along with sacks which often weigh more than 35lbs.

So will the Post Office make a profit from the postal explosion? Ms McGrath is diplomatic: "No we just expect to cover costs. Profit would be a bit optimistic."

Stockton stepping-stone in the balance for gang of four's fifth man

FOR 10 minutes SDP candidate Ian Wrigglesworth has been having his ear bent about the problems of council flat central heating. At last he manages to get in a word to ask the inevitable question.

"No, I won't be voting for you," bellows flat tenant Malcolm Vernon. "Or for anyone else. Thursdays are my days for fishing." Mr Wrigglesworth and his team of canvassers roar with laughter. After all, Mr

Mike Smith profiles Alliance candidate Ian Wrigglesworth

Vernon, 49, an unemployed driver, was always an unlikely Alliance voter: he had earlier declared his sympathies with the Communist Party. None the less, the SDP needs every convert it can get in Stockton South, Cleveland.

In the 1983 general election Mr Wrigglesworth scraped home with a majority of just 102—and that was after main opponent, Conservative Thomas Finnegan, had been exposed during the campaign as a former National Front organiser.

This time the Tories are better organised and the Labour Party is working hard to attract more votes than a man whom some members still regard as a party traitor.

For Mr Wrigglesworth, defeat would end his hopes, at least temporarily, of ministerial office should the Alliance win government, or a share in it. The Alliance would suffer the loss from Parliament of a man who has, during the last four years, emerged as one of its most effective spokesmen.

Although Mr Wrigglesworth was not one of the Gang of Four popularly identified as being the founders of the SDP, he worked as hard as any of them to set up the party. His background was such that it would have been extraordinary had he not been attracted to a new grouping of the centre.

Mr Wrigglesworth was born and brought up in Stockton and after attending the local grammar school he trained as a teacher in London. He joined the Labour Party in 1962 at the age of 22. "I stood for the underprivileged and Labour seemed the natural home for me," he says.

"It was near the end of the 13 'wasted years' of Tory rule. Unemployment seemed unacceptably high and Harold Wilson was talking about the white heat of technological revolution. Suddenly it was all going to happen."

From the start Mr Wrigglesworth aligned himself with the moderates and, shortly after entering Parliament in 1974, he became one of the founder members of the Manifesto Group of right-wing MPs.

"I was always regarded (by the left) as a dreadful hatchet man of the right," he says. "Most of my time in the Labour Party was spent fighting—it was an all-consuming exercise."

By 1981 he had had enough. "I came into politics to help the have-nots and that was still the case. But Labour had ceased to stand any chance of achieving its goals, because it was fighting the battles of the nineteenth century."

In the SDP, Mr Wrigglesworth stands firmly in the market economy wing of the party. Thus, when the Council for Social Democracy voted last year to renationalise privatised monopolies, he argued vociferously for the decision to be overturned at the SDP national conference.

He believes the Alliance's concept of a social market—combining a market economy with liberal social policies—will eventually prove irresistible to the electorate "even if they do not yet know it."

"There is a new, more educated section of the electorate opening up out there. They want a market economy, but they do not want hanging or a police state. They are for Third World aid and the advancement of the health service and the state education system. It is a growing section of society and it is Alliance territory."

As chairman of the SDP communications committee he admits, however, that the message has so far failed to get through effectively. "You are dealing with 70 years of ingrained thinking, during which people have been conditioned to either being firmly for or against policies. Breaking the mould of the organisation of politics was simple by comparison with breaking the mould of thinking."

Mr Wrigglesworth has made his mark in the Alliance largely through his performance as a member of the economics team in the Commons—he is Trade and Industry spokesman—and through his co-chairmanship of the manifesto committee. In this work he has been more of a co-ordinator and organiser than an ideas man. "I have not had time to sit down and have great original thoughts," he says.

His ability to motivate is immediately apparent in Stockton South. The Alliance has taken over the top two floors of a large- threestorey house and local fund raising activities large three-storey house and is the best equipped and most welcoming of the three parties' constituency headquarters.

Party members talk excitedly about how the combination of Mr Wrigglesworth's standing and the Alliance's campaigning on local issues—from dog dirt removal to the speed limit on the Yarm Road—could help produce a 10 percentage point lead over the nearest rival on polling day.

The reality is likely to be different. Mr Wrigglesworth's opponents are both good candidates with strong local backing. They say Stockton South is a three-way marginal and that the main threat to their chances of victory is each other.

If Mr Wrigglesworth should lose, he can at least take comfort from history. Stockton has once before rejected a sitting MP with a national reputation —in 1945—and in the long run Harold Macmillan was able to take the setback in his stride.

Fleet Street wordsmiths pushed into the margin

Fiona Thompson on coverage of the election by the 'writing press'

Fleet Street, a safe seat with an inbuilt Tory majority, has discovered it has a more marginal status in this general election.

The main parties have decided to make 1987 the year of the television campaign and the photo opportunity. The Press, which, to add insult to injury has been dubbed "the writing Press" by party planners, has been feeling left out — and does not much like it.

Reporters are beginning to show increasing signs of irritation with political leaders who prefer to reach the public through TV images rather than the written word.

The Labour leader, Mr Neil Kinnock, has been particularly harshly criticised for his elusiveness. The Daily Mail on Thursday devoted its entire front page to a leader entitled "No questions please —I'm Kinnock."

On the same day, an editorial in The Times declared: "It has become increasingly clear that Labour's entire election strategy hinges upon the packaging of Mr Kinnock and the cold-blooded exclusion of any discussion of substance."

Equally, those reporters assigned to shadow the Prime Minister as she trots briskly up and down the country have not been at all contented.

According to John Carvel in Thursday's Guardian, by Wednesday the journalists following Mrs Thatcher had had enough. After repeated complaints at the distinct lack of "word opportunities," a press conference was arranged. Told it would be off the record, the press walked out until it was agreed the PM could be quoted. Even then the planned half hour was cut down to 8½ frosty minutes and no second questions.

You can't help be a shade sympathetic about Mr Kinnock's antipathy towards certain sections of the press. During week one of the campaign the headlines said it all.

"Wall to wall whitewash" splashed the Express the day after Labour launched its manifesto. "Never has so much been hidden from so many by so few"—the Sun. The Daily Mail called the manifesto a guide book to a mausoleum.

Later on in the week we had "Red Ken lifts lid on Lefties' power plot" from the Sun, this the newspaper which, in its leader the day after the election was announced, promised its readers (under the headline Go get'em Maggie!) "The Sun will give a fair showing to all the contestants."

In spite of "Minister deserts Labour" (Express) and "Labour's secret tax plan" (Daily Mail) by the end of the first week these same organs pronounced that round one had gone to Labour—so much for the power of the press.

"Suddenly" (said the Sunday Times rather like a wide-eyed Mills and Boon heroine) "Labour is looking a more credible political force."

Mr Kinnock had certainly been helped along his way by Mrs Thatcher who appeared, that first week, only to open her mouth in order to change feet. The Independent on Saturday: "Muddles mark the start of the Tory campaign." Even the News of the World on Sunday pronounced: "Mrs Thatcher must get into her chariot and fight fire with fire." I could go on and on but I gather that's a banned phrase now.

Hugo Young, in Tuesday's Guardian, summed up the tension in the Tory campaign brilliantly. "As they file into their daily press conference, you can see these are rather tight-arsed men, worrying about whether they will be seen to have a good war."

Both the Tories moved all their fire on to Labour, and specifically Mr Kinnock, in week two. The Sun went on the attack with one of its favourite themes, the loony left. "Before the new moderate Kinnock could say boyo, he would be dumped on his Welsh backside," we were assured.

It was his "guerrilla interview" with David Frost that let the Labour leader down and sparked off the defence row that has been with us all week. Few of the papers could resist Alliance defence spokesman John Cartwright's wonderful query about whether a mujahadeen in Penge High Street would deter Soviet nuclear blackmail.

By Wednesday things had got very serious. "Kinnock under fire" — The Telegraph and The Independent. "Britain will not live under a white flag of surrender says Tebbit" — The Times. Thank goodness we had Matthew Engel in the Guardian: "Barmy Bernie Grant sat in his office biting the heads off live chickens. Oh sorry, wrong newspaper."

The Sun quoted 19-year-old-blonde-housewife-mum-of-two Karen Rothery telling Mr Kinnock: "I don't want my kids speaking in Russian."

Keen television watchers will have seen Mr Kinnock adopt his best paternalistic tone in a bid to reassure Mrs Rothery, addressing her as "love." "Don't patronise me son," she should have replied.

By Thursday, President Reagan had "poked his nose in" (Today), The Mail yesterday revealed the Labour left's "chilling list of demands for the virtual creation of a workers' state," and the Sun reached a new low with a leader on its front page entitled "When the Red rose turns yellow."

Twelve days left. From here it can only go downhill.

Leading light with aversion to cult of personality

Ralph Atkins on the hopes and beliefs of David Blunkett


Mike Arron

David Blunkett with guide dog Teddy: contempt for the "betting shop" economy

MR DAVID BLUNKETT does not give interviews for personality profiles.

"I think elections are being fought too much on the latest opinion poll and what personality can be gleaned out of the gladiatorial contest," says the Labour candidate for Sheffield Brightside and leader of the city council.

He derides elections becoming "presidential contests," saying: "I think that is very bad. It is against the traditions of British politics." Yet despite his objections to the cult of personality, Mr Blunkett has become a leading actor on the Labour Party's national stage.

He stands out not only because he is blind but also because of his impressive performance in the local government lane of Labour party politics.

For seven years Mr Blunkett, 40 next Saturday, has led Sheffield council from an office equipped with dog bowl and brush for his guide dog, Teddy.

He is a member of Labour's lsnational executive committee and a regular panellist on the BBC's Question Times. Now he is tipped to take a prominent *role for Labour in the reconvened* House of Commons.

In June 1985 he was selected as Labour candidate for the Sheffield Brightside constituency where he was born and spent his childhood. He now lives just ouside the constituency boundary. He inherits a 15,209 majority from the retiring Labour MP, Miss Joan Maynard.

Brightside, which rests among the hills to the north of the city, has risen and fallen with Sheffield's steel industry. Today the great forges and factories stand quiet and largely derelict.

It is an area characterised by small terraced houses along roads tumbling down into the *valley, and triangular brick-*built corner shops with Brooke Bond Tea advertisements in the window.

In the city the steel industry has lost 47,000 jobs in 10 years. The city's unemployment rate is about 16 per cent.

But among the acres of demolished factories in Brightside stands a Conservative election poster. "Now we've the fastest growth of any major economy in Europe," it says.

Mr Blunkett's solution is a socialist programme of long-term investment planned in tandem with industrialists. "Sheffield could make a very substantial recovery with a sympathetic and supportive government," he says.

He rejects the adherence to free market principles and holds in contempt the "betting shop economy" of City of London institutions.

"People are applauded and rewarded and in many cases actually revered for the way they can make money out of money. That seems to me to be against the traditional work ethic which I was brought up with."

Sheffield City Council has been run by Labour for all but two of the last 60 years. To many it is a model of socialism at work.

"I think in my case the very strong sense of identity and sense of purpose in Sheffield is reflected very much in me," says Mr Blunkett.

Under his leadership the city has maintained, if not improved, services in the face of "its most fundamental crisis since the 19th century" — a government committed to restraining local authority spending.

Attempts to curtail its spending have largely been avoided by efficiency savings, sound management and judicious use of creative accounting.

"The best local government is superb and private enterprise could never do better, with Sheffield a shining example," Mr John Banham, former chairman of the Audit Commission which monitors local government efficiency, said in 1985.

Mr Blunkett is proud of the extra jobs that have been created by the council, of its invest*ment in the private sector, of* help given to the elderly, of the city's education system and of its omnipresent red and cream buses.

But his style is not dictatorial. "This has been done collectively. I woudn't pretend that I haven't been doing my best to get my way but I have been doing it in co-operation with colleagues and with those people I work with."

His experience of managing a £500m budget and 35,000 employees will prove invaluable when he moves from the Victorian splendour of Sheffield's oak-panelled council chamber to the House of Commons.

"I think life is a learning pro*cess and I think I'm going to* have a lot to learn. I hope that I will learn it quickly and in a way that will be constructive," he says.

His experience in the Labour Party means he is already familiar with national politics. 'I see it as a move from town hall to Westminster to do the same job — to represent the people."

He refuses to allow his blindness — perhaps an insurmountable barrier to others — to hold back his political career.

"It has problems, there is no point trying to pretend that there aren't. The task is to overcome those obstacles, not accept them."

Poll that sometimes fails to cheer

By Lisa Wood

FASCINATING as the election may be to the political classes, touches of ennui are starting to creep in among sections of the British public.

"As soon as the election stuff comes up on television I turn over to another channel see if there is any other rubbish on," said Mr Fred Harms of Carshalton, a sample member of that great body. "And inevitably it is more on the election."

According to the Central Electricity Generating Board it is the party election broadcasts that may be the real turn-off. Tentative evidence suggests there is a surge of demand for electricity at the start of a broadcast, as people make cups of tea.

The BBC insists nobody is missing *their favourite* programme. "It is just that schedules are being juggled around," said an official, "with some scheduled programmes being put on later in the evening or else moved to another day."

However, a Martian visitor, after watching a few news broadcasts, might be excused for concluding that nothing else of note was happening.

It is not much different for newspapers. One newsagent admitted to forgetting to distribute an election supplement along with an eminent Sunday newspaper. "Nobody came and asked for it so presumably it was not missed."

One paper, the Bristol Evening Post, has taken an unusually bold step. It will declare itself an election-free zone for one day next week.

All election news and features will be banned for the day. The paper is even considering blacking out all reference to the election in its television programmes guide. Mr Brian Jones, the editor, said: "It will be a welcome break, we believe, from the daily political battle."

If television is a modern opiate of the people, how are they getting their fix when driven to switch off? Gardening, the pub, DIY, the video recorder, and the cinema are all playing a part. It is too early to tell, however, whether the birth rate will be boosted in nine months' time.

Duraty Radio, an electrical retailer in south London, has noted an increase in the sale of small portable TVs—a second family set. "One would assume somebody wants to watch the election coverage and their partner does not," it said.

"People are naffed-off by the general election coverage on TV," said Mr Sid Thompson who owns two video rental shops in Dagenham. He estimated that video rental from his shop was up by 40 per cent on the week before the election being called.

"They are not renting political thrillers either," said Mr Thompson. "My only business regret is that there is not a longer-run-up to the election."

According to the Conservative Party, however, there has been some demand for Mrs Thatcher's own personal performance on video (price £5). "We have had quite a few sales," said the young lady in the party's portable salesroom, packed with blue rosettes and videos, parked outside the Tory headquarters in Smith Square, London.

Leisure habits die hard though and the British may simply be slumped asleep in front of their television sets. Leisure centres report no great increase in those wanting.

Some may decide to get away from it all. The election has provoked a mini price war among Britain's tour operators with offers of pre-election bargains to Mediterranean resorts leaving up to polling day.

Labour would wreck prosperity' says Thatcher

BY IVOR OWEN

MRS THATCHER broadened her attack on the Labour Party yesterday with a warning that Britain's prosperity would be destroyed by a Labour Government that would raise income tax and reverse the Conservative Government's trade union legislation.

She made her remarks in the constituency of Bury St Edmunds, Suffolk, which was held for the Tories at the last general election by Sir Eldon Griffiths, who is fighting again this time.

She made clear that her words were intended to rebutt Labour accusations that the Conservative Government did not care about manufacturing industry.

It was a development of a theme she had touched on the previous night at a rally when she had said: "If Labour were to sidle into power again, you could count on another economic crisis pretty soon."

She said yesterday that the Labour Party wanted to repeal her Government's trade union reforms. It showed that Labour did not care about manufacturing industry. It wanted to replace co-operation between management and workers with the kind of conflict seen in the past.

"It would put power back into the hands of the extremists in the unions," she said. "'Bang,' would go the success of industry. 'Bang' would go *jobs. 'Bang,' would go* the future prosperity of our country."

It was clear, she said, that Labour did not care about the future of manufacturing industry. It would be giving back power from the trade union members to the trade union bosses.

The Prime Minister claimed that the standard of living was higher than ever, that 1m new jobs had been created since the last general election, unemployment was falling and more jobs were coming from successful businesses.

Mrs Thatcher was met by her first heckler of the tour when she defended her Government's record on the National Health Service, once again repeating that £8bn had been spent on the NHS in Labour's last year in power, while £21bn was being spent in the current year.

She was heckled by Mr Graham Jones, an Alliance county councillor, who kept up a shout of: "Tell us how much is needed now."

Afterwards Mr Jones was engaged in a furious argument with Sir Eldon Griffiths, who had a majority of 16,122 over the SDP in the constituency.

The Prime Minister also made a forceful reference to the defence issue. "I have never seen nor heard such a reckless defence policy as the Labour Party is putting across now," she said.

Labour win 'would bring back union militancy'

By Ivor Owen

DR DAVID OWEN, leader of the Social Democrats, warned last night in Plymouth that a Labour government under Mr Neil Kinnock would give a new lease of life to Mr Arthur Scargill, president of the National Union of Mineworkers, and other extremists in the trade union movement.

He claimed that in a recent television interview the Labour leader indicated that he favours a return to uninhibited secon*dary picketing in industrial* disputes.

Dr Owen said: "Mr Kinnock's Labour Party would handcuff the police and hand over the streets to Arthur Scargill's— and anybody else's — private army."

Dr Owen's resort to what he normally regards as intemperate and "over the top" language in attacking Mr Kinnock highlights the dilemma of the Alliance in seeking to arrest and reverse its slump in the opinion polls.

The Alliance's campaign managers believe they have been out-manoeuvred by the Conservatives in exploiting Mr Kinnock's remarks over defence policy.

By lashing out with such unusual ferocity against Mr Kinnock's stand against trade union militancy and recalling his "craven" attitude to the year-long miners' strike, Dr Owen hopes to have got in ahead of the Conservatives in exploiting Mr Kinnock's latest *electoral miscalculation.*

The SDP leader believes that the Alliance must now "slipstream in" behind the Conservatives in picking up any support which Labour loses through what are perceived as Mr Kinnock's campaign errors.

Dr Owen said the Alliance's private polling of the "don't knows" showed that they were already getting the message and recognised the party's soundness on defence.

Dr Owen said Mr Kinnock's policy on secondary picketing would rob employers, their customers and their suppliers of any opportunity to defend themselves through the courts against commercial losses aris*ing from such activities.*

He also highlighted the contrast between the Alliance's policy in seeking to encourage trade unions to enter into strike-free agreements with the fact that the Labour Party and the TUC were virulently opposed to such a policy.

Dr Owen said the Alliance would insist that the right to be a member of a trade union was restored to workers at the Government's secret communications headquarters at Cheltenham.


Alan Harper

Seeking to break class moulds: David Steel and David Owen yesterday

Alliance resists poll setbacks

BY TOM LYNCH

THE ALLIANCE party leaders yesterday put a brave face on recent opinion poll disappointments and insisted that the whole nature of British politics was being changed in the current election campaign.

Dr David Owen, the SDP leader, told a press conference in London that the class-based nature of British politics tended to "solidify" in the early part of an election campaign "but the breaking up of the class mould is taking place.

"We are going with the trend, which is against the class nature of British society," he said. The Alliance was attracting support from people on both sides of industry and in areas of the country where it had previously been weak.

"The fight is on for the nature of British society. We believe we are with the future." He said "a thinking person's election" was in progress and predicted that more of those now undecided would vote for the Alliance than for its rivals, bringing a late surge in support.

Mr David Steel, the Liberal leader, said he was not troubled by the poll figures. "Going around the constituencies we both find the campaigns are hitting home." On the doorsteps, party workers and candidates were changing people's minds and there was no question *of a change in national cam*paign strategy.

Mr Bryan Gould, Labour's campaign co-ordinator, declined to comment on yesterday's Marplan poll, which indicated that the party's rise in support had been checked, arguing that it was not useful to comment on "isolated" figures, only on general trends. At a press conference, he accepted that defence, like other issues, would have an effect on his party's rating, but disputed that it would be a detrimental effect.

SDP leader queries Tory commitment to NHS

BY TOM LYNCH

THE GOVERNMENT'S record on the funding of the National Health Service disproves Mrs Thatcher's claim during the last general election that the health service is safe in Conservative hands, Dr David Owen, the SDP leader, said yesterday.

"The only thing her hands have been in is the safe that funds the NHS," he told a press conference in London. "The problem with the health service is that if you do not have a commitment to it, if you have an ideology that runs counter to it, you do not run it very efficiently or very effectively."

Mr Simon Hughes, the Alliance social services spokesman, defended his manifesto proposal that a patient should be able to shop around for the shortest waiting lists for an operation, with the host health authority charging the patient's home authority for the operation.

Critics have argued that this would increase bureaucracy, but Mr Hughes said much hostipal time was already spent searching for beds to accommodate patients. He said health authorities were duplicating their efforts in calculating prices for contracted-out operations—the Alliance proposed a list of suggested prices.

Patients who chose to travel would have their expenses reimbursed and he hinted that funds might be available from other sources for families to travel to visit them.

Mr Hughes said the Alliance would tackle the "twin crises" of staff shortages and long waiting lists within the NHS. He promised that, by the end of a full parliament, every patient for a routine operation would be treated within six months of referral by a GP.

● Mr Alf Morris, Labour's spokesman on the disabled, said Labour would outlaw discrimination on the grounds of disability and enforce the quota scheme for the employment of those registered as disabled.

He said Labour would reform disability benefits into a system based on need, recognising that living costs for the disabled are often higher than for the able-bodied.

He criticised the current system, in which people with identical disabilities receive different benefits according to the origin of the disability — those born disabled get least, those disabled by an injury at work get most.

Steel 'lied to voters over Channel tunnel'

MR DAVID STEEL, the Liberal Party leader, was yesterday accused of lying to voters who will be affected by the construction of the Channel Tunnel.

Mr Michael Howard, the junior Trade and Industry Minister, challenged Mr Steel to apologise to the people of Kent.

During his visit to Folkestone on Thursday, Mr Steel had said, in relation to consultation on the tunnel: "We have been critical of the procedures used all the way through."

Mr Howard, defending Folkestone and Tythe for the Tories, said in a letter yesterday to Mr Steel: "This is a lie. Indeed, the opposite is true. Stephen Ross, the Alliance spokesman on transport in the last parliament, repeatedly said he was satisfied with the consultation arrange*ments."*

Quoting Hansard, he said Mr Ross had said on February 10, 1986: "On the whole I think that the white paper gives substantial reassurances on the issue of consultation and the right to petition."

The Liberal Party yesterday said: "The Liberal record is second to none in seeking to secure the rights of petitioners and can be confirmed by the columns of Hansard. Mr Howards is very foolish indeed in trying to muddy the waters

THE ISSUES: LAW AND ORDER

Opposition parties aim to put Tory crime record in the dock

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

ON THE first edition of the BBC's Election Call programme Mr Bryan Gould, Labour's campaign co-ordinator, listed six issues on which his party wanted to concentrate. One was law and order.

This is not normally an area where parties of the left expect to make the running. But in this election, both Labour and the SDP-Liberal Alliance see chances of putting the Conservatives, traditionally the party of law and order, on trial. "Crime rates have soared in this government's last eight years," says the Alliance manifesto. "Overall, crime is up by 60 per cent. Burglaries have almost doubled, while robberies have increased two and a half times over. People, particularly elderly people, live in fear in their homes and in the streets and women feel increasingly unable to go out at night."

The Labour manifesto might have been written by the same hand. "The Thatcher government has broken its promises on law and order. Last year 4,311,000 crimes were committed in Britain. The clear-up rate fell to 32 per cent. Millions of women are scared to go out at night. Many old people lock themselves into their homes."

It must be true because, stripped of the figures, the Conservative manifesto says it it as well. "Crime has been rising steadily over the years; not just in Britain, but in most other countries, too."

The Conservative document then observes: "The origins of crime lie deep in society." At this point—the question of what those social causes are, and what remedies might work—the parties divide.

Parents who do not support or control their children, schools where discipline is poor and a wider world in which violence is glamourised and traditional values are under attack get the blame from the Conservatives. Government economic and social policies over the past eight years are prominent among the targets of the other parties.

All the parties are promising to put more police officers on the streets. The Government is defending a record of having increased police strength by 16,500 since 1979. But, with reductions in working hours and a growth in special duties, few of these extra officers have been deployed on routine activities.

Morale in the police, as evinced at last week's Police Federation conference, is not high. Mr Leslie Curtis, the federation's chairman, described the law and order crisis facing the police as the most serious in history.

While acknowledging the contribution of the Conservative Government towards recruiting more police, he challenged the "somewhat complacent assertions" of Home Office ministers towards the manpower problem.

All parties, including the Labour Party, which has come under criticism for the attitude towards policing of some Labour local authorities, stress that the police will remain responsible for all operational matters.

Another urgent issue is the dreadful state of Britain's prisons. Bouts of unrest have been frequent, as has a flow of official reports condemning the physical conditions and quality of life in many jails.

The Alliance manifesto concentrates at some length on the "prison scandal," saying drastic action is required to reduce the prison population and develop alternatives to custody.

Credit for embarking upon the biggest prison building and modernisation programme this century is claimed by the Conservative Government, although organisations, including the National Association for the Care and Resettlement of Offenders and the Prison Officers' Association, believe the building programme should be abandoned and resources diverted into improving the worst existing prisons.

The Conservative Party intends to continue with the building programme, which will provide about 12,000 prison places by 1992 and also proposes a review of the parole system. While it does not appear in the manifesto, the return of a Conservative government would also be likely to lead to experiments with the establishment of US-style *private prisons.*

Although the Government acknowledges that immigration for settlement is at its lowest level since controls began in 1962, the Conservative manifesto promises further tightening of the law. It says the Government is tackling "the problem of those who fraudulently pose as refugees."

The Alliance accepts the need for immigration controls, but says the law in this area is fundamental to individual rights. It proposes effective rights of appeal against refusal of citizenship and the revision of immigration procedures to promote family unit "without significantly affecting immigration totals, which remain lower than rates of emigration from Britain.

Labour says its policy of "firm and fair immigration control" would ensure that the law *does not discriminate on the* basis of race, colour or creed.

All parties express their opposition to racial discrimination and determination to combat racial attacks.

The Conservative manifesto says the Government has ensured that such attacks increasingly receive effective and sympathetic attention from the *police. An Alliance government* would, it is promised, devote more police resources to dealing with racial harassment, while Labour says it would strengthen the law on public order to combat racial hatred and make prosecution easier to encourage the reporting of offences.

Townsend says it failed over safety of ferry

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE ABSENCE of a "proper system" of safety checks on the ferry Herald of Free Enterprise was a "corporate failure" on the part of Townsend Thoresen, the company's representative told a public inquiry into the disaster yesterday.

The Herald capsized outside Zeebrugge harbour 12 weeks ago with the loss of nearly 200 lives after sailing with its bow doors open.

Mr Anthony Clarke, Townsend's counsel, said the ship had foundered because the company had not introduced a proper system of reporting on board.

Townsend's instructions to ships' masters required them to assume that all was well unless specifically informed that a problem had arisen.

This meant no one on the bridge of the Herald was aware that the seaman nominally responsible for closing the bow doors was actually asleep in his cabin.

The company has since changed its procedures so that crewmen have to make positive reports to the bridge that safety checks have been carried out.

Mr Clarke said the root cause of the disaster was that no-one had given sufficient thought to the problems of closing the doors onthe Spirit class vessels, which included the Herald, when they were introduced in

Mr Clarke admitted: "We recognise that the failure to set up a sufficient system was a corporate failure."

He insisted, however, that there was no truth in claims that the company's attitude to suggestions from staff had been "high handed," or that it had put commercial considerations before safety.

"There have been suggestions that cost has taken precedence over safety, and it is our submission that there is no, repeat no evidence of that," he said.

Mr Clarke was involved in a short exchange with Mr Justice Sheen, chairman of the inquiry, who suggested the company had put time before safety.

Mr Clarke replied: "The problem of time was not the cause of this casualty. The trouble was that nobody thought there was a problem."

Mr Justice Sheen told him: "Nobody thought. That's the trouble."

● The Pride of Dover, the first of two 26,000 ton ferries built for Townsend in West Germany, arrived in Dover yesterday and will sail on her maiden voyage to Calais on Tuesday.

The two ships, each of which can carry 2,400 passengers and 700 cars, will be among the largest operating around the UK coast, and are intended to enable Townsend to compete with the proposed Channel Tunnel.

PCW syndicates query '£40m loss'

BY NICK BUNKER

MEMBERS of the troubled PCW syndicates at Lloyd's of London are questioning claims by the insurance market that they could face a further £40m loss because of possible gaps in the syndicate's reinsurance arrangements.

The PCW 1985 Committee, which represents 400 underwriting members ("names") on the worst-affected syndicates, said the issue was "a further major factor" in the resolution of the PCW affair.

It has arisen since Lloyd's announced in April terms for a settlement in which PCW names would have to find £34m to help pay for underwriting losses estimated at a net £235m.

The PCW 1985 Committee has since tried to persuade Lloyd's to reduce the £34m contribution on the grounds that weakening of the US dollar against sterling has produced a windfall gain of £18m for the syndicates.

In a letter sent to PCW names last night the committee said that Mr Peter Miller, chairman of Lloyd's, had rejected this "particularly and specifically" because there was likely to be a further £40m shortfall in the sums the syndicates could expect to recover from their reinsurers.

"We are not in a position to say that we agree or disagree with the figure of £40m," last night's letter said.

The committee said it had now asked for an assessment of the matter by AUA3, Additional Underwriting Agencies Number Three, the body set up by Lloyd's to manage the PCW syndicates and look after their members.

The committee is also investigating the accounting implications with the help of Price Waterhouse, the accountancy firm.

"If AUA3 are of the view that the reinsurances will respond or cannot be avoided by reinsurers, then we would reopen negotiations with Lloyd's in respect of the windfall exchange profit," the letter said.

This move represents an attempt by the PCW 1985 Committee to force Lloyd's back to the negotiating table.

Pension fund in £15m sale of Soho properties

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE BP Pension Scheme has taken advantage of rising property values in London's West End to sell a block of 12 small properties to the east of Regent Street for £15m.

The properties are on the south side of Golden Square, on the edge of the Soho area. They were sold to private unnamed clients of Strutt and Parker, the chartered surveyors.

Debenham Tewson and Chinnocks, who acted for BP, said the properties had first been bought as part of a larger acquisition 15 years ago, when the area contained light industrial premises.

A steady process of conversion has turned the properties into small offices, showrooms and shops behind 19th century facades. There are 41 tenants on the properties, which have a floor area of 62,000 square feet. They have been paying a total of £663,000 a year in rent.

Recently the area has attracted redevelopment and property companies like Greycoat and Peachey have been active. This pressure for redevelopment has helped push up prices, leading the Pension Scheme to capitalise on a rising market.

Debenham Tewson and Chinnocks received 12 firm offers for the portfolio of properties from entrepreneurs, development companies and financial institutions.

Access to Japanese markets to be discussed

By David Lascelles, Banking Editor

THE CONTROVERSY over UK companies' access to Japan's financial markets will be raised again today at a meeting of top British and Japanese financial officials in London.

Sir Geoffrey Littler, second permanent secretary at the Treasury, together with senior officials from the Bank of England and the Department of Trade and Industry, will hold talks with a Japanese delegation headed by Mr Toyoo Gyohten, vice-minister of finance for international affairs.

Although the talks part of a series of six-monthly meetings of British and Japanese finance officials—are not negotiating sessions intended to produce concrete results, they provide another opportunity for both sides to discuss deregulation of the Japanese market and to explore their positions.

The talks are the first high-level contact between Britain and Japan since the stormy visit to Tokyo in April by Mr Michael Howard, the trade minister responsible for corporate and consumer affairs.

He failed then to gain any assurance that UK firms would obtain speedy membership of the Tokyo Stock Exchange. The Japanese claim that the Exchange floor is too small to admit any more members.

However, since then, Tokyo has cleared the air a little by granting licences to 10 UK firms to run investment management businesses in Japan.

The question of reciprocal access for Japanese firms to the UK markets is certain to arise. The British side may make the point that they would find it hard to grant primary dealership status in the gilt-edged market to Japanese brokerage firms—which some have indicated they want—while UK firms were being kept out of Japanese markets.

Call for action on intimidation

Financial Times Reporter

TRADE UNION leaders in Ulster are to press the Government to create a special unit to combat the intimidation of workers by paramilitary organisations.

The Northern Ireland committee of the Irish Congress of Trade Unions confirmed yesterday that it would seek a meeting with the Secretary of State after the election.

Mr Terry Carlin, ICTU leader, and his colleagues, decided to urge the Government to action after a building company was forced to abandon a £6m contract at the Palace Army Barracks outside Belfast.

Almost 130 workers lost their jobs after the IRA threatened the company carrying out maintenance work.

A Northern Ireland spokesman said the Government shares the ICTU's concern about intimidation resulting in the loss of jobs.

Optimum Fuels

OPTIMUM FUELS, the coal important company, does not own its own wharf, as reported in the Financial Times on Thursday. It is one of several fuel companies which use wharfage facilities at Howdendyke, River Ouse, belonging to Humberside Sea and Land Services.

Martin Dickson and Hazel Duffy on the tasks facing a City watchdog's chairman

Takeover Panel draws strength from the bar

MR ROBERT ALEXANDER QC, will make his debut as chairman of the Takeover Panel on Monday. As befits one of the country's top barristers, he will bring with him an initiative calculated to stamp an immediate personal seal on the manner in which bids are conducted.

The panel is to consider making it a rule for a company involved in a takeover to set up a special audit committee, probably consisting of non-executive directors and a represenative of its auditors. This team would be responsible for monitoring and approving all expenditure and pledges made during a bid and would thus be able to act, where necessary, as a brake on those directors directly involved in the takeover battle.

The plan appears to owe much to the Guinness affair, at the heart of which lies the question of payments made by the company to other parties during last year's takeover battle for Distillers.

The Guinness affair also explains Mr Alexander's elevation to the chairmanship, and the vital importance of his term of office in determining the future of the panel — a self-regulatory body set up in the late 1960s — and the conduct of takeover bids.

Guinness, together with other recent City scandals, led to some strong attacks on the panel by critics who said it lacked both the individual and regulatory muscle to police bids effectively. The latter complaint has been countered by recently unveiled plans to link up the panel with the City regulatory system being set up under the Securities and Investments Board, while at the same time preserving the panel's non-statutory basis.

The former is being answered by the appointment of Mr Alexander, who together with two eminent new deputy chairmen, succeeds 70-year-old Sir Jasper Hollom. The aim is to restore the authority of the institution — perhaps recalling

Trevor Humphries

Robert Alexander: reputation for integrity

some of the aura of its early years, when it was headed by Lord Shawcross, a man with a reputation for striking fear into the heart of the most urbane merchant banker.

The Bank of England clearly wanted someone with the training and discipline of a lawyer to take on the panel, says Mr Alexander. "The panel is also about ensuring fairness. That is something with which lawyers are not unfamiliar."

In Mr Alexander, it also has a person who is not from the City but knows about it through many of the commercial cases he has handled.

In the past year alone, these cases have included acting for the panel in the important McCorquodale case last December, which led to clarification of the panel's relationship with the courts; defending Granada during the bid for it by Rank Organisation; and acting for Elders IXL, the Australian bidder for Allied-Lyons in a battle with the Monopolies and Mergers Commission.

This experience is obviously different to someone who is involved intimately in the day to day transactions of the City.

Mr Alexander, however, is clearly interested in the City's business and wants to see it functioning in a manner that maintains international respect. "As a practising lawyer, I have always thought that the City is one of our major assets. Respect for its services is very valuable both to our economy and to our national reputation. That market could only exist if the City has a reputation not only for skill but for integrity."

He firmly believes that self-regulation, within the statutory framework which set up the SIB, is still far superior to regulation of the American kind.

That view, from a member of the tightly self-regulated profession of the Bar, is not surprising. Mr Alexander, in this sense, is rather like the Pope—a man whose public image is that of a fearless modernist but who remains a firm traditionalist in fundamentals.

As chairman of the Bar last year, he championed the cause of those barristers who rely for a good part of their living on fees for criminal legally-aided work. When Lord Hailsham, the Lord Chancellor, refused to budge on his offer of an increase in line with inflation, the Bar took legal action against the top legal officer of the land.

Mr Alexander, more than six foot tall and the son of a small businessman, had no difficulty in rallying support from the main body of barristers at a meeting which had the distinct air of a trade union rally. But he shrewdly judged that to win, the Bar had to explain to the public what it was doing. For a few short weeks, the Bar did come out of its shell and won the day.

The panel can expect more publicity with Mr Alexander at the helm. He knows the value of communicating about what is being done, and why, especially since far more members of the public are now shareholders. One idea is to take space in the newspapers when the panel's annual report is published so as to give it a wider audience.

Chairmanship of the panel is a part-time job (and the term is open-ended) so he will continue to practise at the bar, where he has defended clients as diverse as the Government in the GCHQ Cheltenham case and the GLC against the London Borough of Bromley. Clearly, however, he will have to avoid any commercial cases involving bids.

At the panel, his main initial task will be to oversee the smooth implementation of the recently-announced changes in its framework; the integration of its operations with the SIB and its offshoots and the effective use of much wider powers to investigate possible breaches of the takeover code.

The Panel is also taking a fresh look at its rule-book.

All this will require additional staff for the hard-worked panel executive, the full-time team which carries out the body's day-to-day policing work. Mr Alexander says there will be at least a slight increase in numbers and funds will be available to raise the staff as necessary.

But he is also keen to preserve the current policy of staffing the body in large measure by people on secondment for a number of years from other City institutions. This involves employing people with recent experience of the market who are at a stage in their career when they are still highly ambitious. Involving such people also helps to underpin self-regulation.

There remain sceptics in the City who argue that for all the recent changes, the self-regulating Panel is bound ultimately to be succeeded by a statutory system under which bids would be fought out in the courts in large measure.

Last December's Appeal Court judgment in the McCorquodale case, making panel decisions subject to review by the courts, was seen by some as a step in this direction. However, it did bolster the panel by making clear that such reviews would usually only be made retrospectively to enable the panel to avoid repeating an error and would not hold up a bid battle.

Mr Alexander believes that it struck "quite a good balance." The panel must be stronger for being accountable to the courts, he said. "It is a valuable discipline on us . . . provided it is not used as a frustrating measure in takeovers."

But he is as aware as everyone else that the new system is on trial. The future of the panel is now intimately bound up with the success of the SIB and the personal impact of Mr Alexander himself.

Reforms proposed for Sale of Goods Act

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

CONSUMERS WILL stand a better chance of getting their money back or rejecting unsatisfactory purchases without undue difficulty if the incoming government accepts newly-proposed reforms of the 1979 Sale of Goods Act.

The often-quoted but outdated and obscure phrase "merchantable quality" should be scrapped and replaced by a clearer definition of a buyer's entitlements, says a joint report to ministers from the Law Commission and the Scottish Law Commission.

The report suggests that the time may be ripe for introducing legislation to replace the present act, which has been in force, with occasional amendments, since 1893.

"It is doubtful how far a process of 'patching' the Sale of Goods Act can continue," it says.

The definition of acceptable quality should include a basic principle that goods "would be acceptable to a reasonable person, bearing in mind the description of the goods, their price and all other relevant circumstances."

It should cover fitness for use, appearance and finish, freedom from minor defects, safety and durability.

Consumers would retain the right to reject goods and claim a refund on those which failed to match any of these criteria within a reasonable period.

The commissions have not produced a clearer indication of what constitutes a "reasonable period."

Other recommendations include a distinction between consumer and business remedies for breaches of a sale contract.

The report says business buyers should not be able to reject a delivery for a "slight" breach of the proposed provisions. They would have to seek damages if they thought compensation necessary.

Changes are suggested to existing clauses affecting quantity purchases where only some of hte goods are unacceptable.

At present the buyer cannot reject only the defective items, but must either send them all back or keep them all and seek compensation later.

The commission says it would be better for the purchaser to keep the acceptable items and claim a refund for the rejects.

The report stresses its view that more changes in the act will probably be needed: "It is possible . . . that the future shape of the law may be dictated by outside events.

"For example, if the United Kingdom decides to become a party to the Vienna Convention [on international sale of goods, which should come into force in 1988] the terms of most international trading contracts will be laid down for us.

". . . No-one should suppose that even such reforms as we now propose can be the last word for more than a few years."

The review of the act was commissioned in January 1979 after withdrawal of a private member's bill which sought to sharpen the definition of "merchantable quality."

It ran into problems with the different legal systems applying in Scotland and in England and Wales.

Hammerson sells Southend shops complex

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

HAMMERSON, the international property group which owns 11 shopping centres in the UK, has sold the Victoria Circus shopping complex in Southend-on-Sea to Sanfield Properties, a private company.

No price for the complex has been disclosed, but it is believed to have been less than £10m.

The property was developed in the early 1970s with 240,000 sq ft of retail space and 53,000 sq ft of offices. But it needs substantial capital expenditure to maintain its competitive position in the face of developments in Southend under construction by French Kier and planned by Hunting Gate and Aureole.

Sanfield, whose shareholders include Hanover Acceptances and Boothbourne Properties, will probably extend the shopping area and cover the complex.

Once Hammerson decided to sell the property there was no shortage of willing buyers, reflecting the continuing desire by developers to take advantage of the retail boom and the high rental returns relative to other types of commercial property.

The drive to develop retail property has been further emphasised by the Co-operative Wholesale Society's disclosure that it is seeking planning permission to redevelop a 120,000 sq ft hypermarket on the Isle of Thanet and create a new 275,000 sq ft shopping centre.

Meanwhile Healey and Baker, chartered surveyor, and County NatWest Property have received planning permission from the Cannock Chase District Council to build a £16.5m retail park near Cannock.

They are acting on behalf of a Worcester developer who refuses to be identified. The scheme would create 193,000 sq ft of retail space, constructed around a courtyard and split into seven units.

That scheme is a further indication that the retail boom is having nationwide effects. Last year 4.6m sq ft of shopping space was opened in the UK, according to figures computed by Hillier Parker, chartered surveyors. However, last March the square footage under construction was up to 14.89m.

'Big Bang' changes for LME

By Stefan Wagstyl

THE LONDON Metal Exchange, which is in the middle of carrying out a series of sweeping reforms, completed yesterday the most difficult stage of its modernisation programme.

The exchange switched from a century-old market in which trading companies dealt with each other as principals, to one where a clearing house acts as an intermediary, as happens in most other commodity markets.

Mr Michael Brown, LME chief executive, said: "We all had our hearts in our mouths.

"Unlike the Stock Exchange, which had its Big Bang on a Monday, we had ours on Friday so we could clear up any disasters over the weekend. But everybody says it's gone very well."

Trading companies, officials at the exchange and at the International Commodities Clearing House, which is operating the system, worked last night to put the final trades into the network computer.

They were then unable to say how many trades had been recorded yesterday. The volume of processing was abnormally large because apart from yesterday's business, members had to input the previous three days' work so that the computer had a complete record.

From now on it will be necessary only to process one day's work at a time.

Mr Philip Robinson, the ICCH general manager responsible for the metal exchange, said 90 per cent of the LME's members had operated back-office systems well. One or two had had difficulties, which they would need to resolve.

The LME trades copper, aluminium, lead, zinc, nickel and silver. Aprt from introducing a clearing house yesterday it launched traded options in all six metals.

Cooing Amanda tops billing as BT rings the changes

David Thomas on the developments in telephone information services

"MY NAME is Amanda and I'm the hostess for this flight. I often have to cope with the unwanted attentions of certain passengers.

"In our duty-free shop today, silk stockings are all down."

Amanda's simpering voice introduces the tepid titillation available on one of the new breed of premium information services provided over British Telecom's network.

For 25p to 38p a minute, depending on the time of day, callers can find out what Amanda does with the passengers, which is not very much.

Amanda is at the "entertainment" end of the information services available over the phone. Others range from detailed financial data, sports results and commentaries, through horoscopes to holiday tips.

The liberalisation of telecommunications is behind this flowering. Under the terms of British Telecom's licence, BT must allow other companies to provide information services over its network.

About 1.5m calls a week are being generated by this industry—which started only in 1985, according to Mr Stephen Kirk, chairman of the Association of Telephone Information and Entertainment Providers.

But this business has been won at a cost, as a row sparked off this week by William Hill, the betting subsidiary of Sears Holdings, made clear.

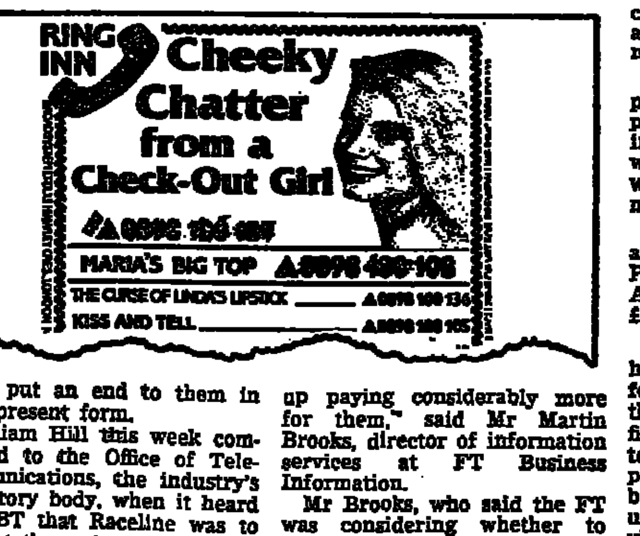
To make way for the newcomers, BT is killing off the more basic automatic information services long available over its network. About 20 are listed in phone directories.

They include Cricketline, the scores service run by BT together with the Test and County Cricket Board; FT Cityline, business news run in conjunction with the Financial Times; and William Hill's Raceline results service.

Callers pay only normal call rates for these—4.4p for a six-minute local at off-peak times—which BT believes contravenes the ban on cross-subsidy imposed on it since liberalisation.

"The services are uneconomic, non-profitable, because we have not got any revenue from the call charges to pay for the information," explains Mr Terry Walton, head of BT's network information services.

So BT intends to bring the charges for all these services, except Timeline, the speaking clock, and Weatherline, into line with those for the premium services. This will almost certainly put an end to them in their present form.



William Hill this week complained to the Office of Telecommunications, the industry's regulatory body, when it heard from BT that Raceline was to close at the end of this year.

William Hill has no wish to see the charges for the 40m calls made to Raceline each year increased, but it is considering whether to lay on a Raceline premium service.

BT has also told the Financial Times that FT Cityline must end in September. "We're a bit annoyed about it because users of these services will land up paying considerably more for them," said Mr Martin Brooks, director of information services at FT Business Information.

Mr Brooks, who said the FT was considering whether to launch a premium service, argued: "BT is trying to run them down, because they see more revenue for themselves."

Revenue from the premium services is usually split equally between the information provider and BT.

"Moreover, BT runs the largest premium information service itself. This is Super-of information services and is shielded from the charge of cross-subsidy by being part of a separate subsidiary to BT's main network.

There are about 20 independent premium information providers and there are rumblings among their ranks. They wonder whether the Chinese walls at BT are really impregnable.

"One cannot tell. The figures are lost within BT," says Ms Pauline Marks, whose company Audiotext is expecting sales of £1.6m this year.

Most of the independents have started up purely to cater for these new services, yet there has been only one significant failure so far, according to Mr Kirk. He sees this as proof of the demand for the business, which BT admits it underestimated when the services first started.

At present, Mr Kirk estimates, half the calls are made for entertainment and the other half for information. On the information side, the split is a third for financial, a third for sport and a third for other types.

A key question is whether the callers using the basic information services will be prepared to pay the considerably greater cost of the often fuller information available on the premium services which replace them.

Mr Walton at BT expects some fall-off in call volume at first, but Mr Kirk disagrees: "There is no evidence to suggest there is great price sensitivity."

Mr Kirk says many independents are ordering hundreds of lines to cater for an upsurge in calls.

The industry is confident of growth in the medium term. Mr Kirk predicts the information providers will have turnover of £100m within four years, up from £15m-£20m now. oflehuteN5wrnmsetanoe—

Mr Walton expects growth to bring changes to the nature of the industry: "We are going to see larger and larger companies entering the premium service market."

If the buoyant predictions are borne out, parts of the press will be increasingly filled with adverts for Amanda's words of wisdom.

Or, to quote Private Eye's parody of the typical offering: "I'm sorry Sharon is not here to give you a dirty phone call. If you would like to leave your name and number we will have a good laugh at your expense—which is about £25 so far. Byeee!"

UK NEWS—LABOUR

Civil servants in first big split over pay dispute

BY CHARLES LEADBEATER, LABOUR STAFF

THE FIRST signigcant split among the three civil service unions who are balloting their members on a second wave of industrial action emerged last night.

The Northern Ireland Public Service Alliance, which has about 20,000 civil service members, has voted heavily against staging a two-day national strike on June 8 and 9. It is understood the poll drew a small turnout.

It is thought that the union has also voted against a regional two-day strike planned for June 15.

Although the organisation is dwarfed by the other unions involved in the dispute, the Civil and Public Services Association and the Society of Civil and Public Servants, the vote will be taken by many as evidence that the campaign is losing popularity with the unions' members. It will intensify debate and divisions within the unions over their future strategy in seeking an improvement in a pay offer the Government says is worth 4.6 per cent.

The plan to stage the national and regional strikes was drawn up at the conclusion of a six-week programme of rolling regional strikes which ended two weeks ago.

The two main unions agreed on the strategy only after fierce debate within the leadership of the CPSA. Both the controlling right-wing national moderate group on the union and the Trotskyite-led Broad Left had recommended all-out strike action because they felt the folling campaign had failed to make much impact.

The SCPS said yesterday that support for the action was running at two to one among the 250,00 civil servants represented by the two main unions.

However, few ballots have been held among CPSA members. The union's moderate leadership is concerned that there may be a low turnout in the poll, with less than half the members voting. They believe a low turnout would indicate weakening resolve for industrial action.

The unions have yet to agree on what would happen after the planned four-week strike strategy.

John Gapper looks at two unions' attempt to involve exporters in their pay dispute

Customs officers assess effects of action

STRAWBERRIES, melons and cherries have been on Mr David Sadler's mind this week. Customs officers and the "bloody nuisance" they have caused to his company by going out on strike have also occupied his thoughts.

However, although Perishables Transport has had to cope with delays to its lorries of up to 24 hours, the disruption has not caused Mr Sadler sleepless nights. "Nothing is going rotten, and there is no way we are facing a loss of orders yet," he says.

Mr Tony Edwards, managing director of European Freightbus, also feels that the action by up to 500 officers at nine ports will cause strictly limited damage to his business. "It cannot be good that there are delays, but I don't think the effect will be dramatic."

Freight forwarders like these two companies are among those worst hit by the lightning strikes called by the SCPS and CPSA civil servants' unions. However, Mr Gordon Brown of the Institute of Freight Forwarders is brisk in his dismissal of the action.

"Our members would rather sweat it out and find ways round it in the manner they have always done than give into this sort of pressure. No one has come screaming on to us the way they used to during the dock strikes," he says.

Other bodies, such as the Freight Transport Association and the Confederation of British Industry, have expressed deeper concern about the long-term effects of the action.

The action is in support of a pay claim of 15 per cent by the 240,000 members of both unions. As it eases off this weekend, with the possibility of more to come next week, there are as yet few signs that exporters are putting the sort of pressure on the Government which the unions would like.

The strikes have been successful in attracting great publicity

One measure of success for the coastal ports action would be a switch to air cargo by exporters facing delays on express deliveries. Mr Dennis Selby, British Airways' cargo strategy manager, says he has not so far noticed any widespread switching.

The strikes have been successful in at least one respect. They have attracted the sort of widespread publicity only previously given to the disruption of the DHSS computer centre in Livingston, East Lothian, early in the unions' campaign.

They have certainly gained more attention than the strike of about 120 customs officers which is still continuing at 13 inland clearance depots, but which has failed to have the predicted widespread impact on export clearance work.

The decision to relax the coastal action has meant that the unions are looking for another target to use to put pressure on the Government next week in the run-up to the planned two-day national strike of all their members on June 8 and 9.

The indications are that one has already been selected. This is the Customs and Excise computer centre at Shoeburyness, Essex, where one of three major government computers is already out of action because of a strike by about 25 specialist computer programmers over the past two weeks.

About 250 computer operators and programmers are still at work there and are keeping in action a computer handling trade statistics and a duty deferment computer which was estimated to have cost the Government about £3.5m in interest payments when it was closed for a week last month.

Further disruption of the duty deferment computer would have the unusual advantage of producing a concrete result quickly. In other cases, the time required for action to bite has proved to be frustratingly long.

As a result, the shutdown of the VAT computer, which has halted tax refunds of about £250m a week, is believed by the civil servants to be worrying farmers and small traders. However, the National Farmers Union says its members have not yet complained of problems.

Freight forwarders are among those worst hit by the lightning strikes

Again, the selective strike at four DHSS computer centres by about 300 staff which the unions say is threatening the implementation of various provisions of the Social Security Act next spring has not yet pushed the Government into taking emergency steps.

If the reaction of the freight forwarders is a reliable guide, the coastal port strikes have so far fallen into this category. The unions must hope that the publicity will none the less have buoyed up their members' spirits to carry on the struggle.

CUSTOMS OFFICERS at Portsmouth, Poole, Weymouth, Plymouth and Newhaven were due to return to work last night at the end of a 72-hour lightning strike which delayed freight exports to the Continent, writes John Gapper.

The officers, members of the SCPS and CPSA civil servants' unions followed colleagues at Dover and Ramsgate, who resumed their duties on Thursday night after taking strike action in support of a civil servants' pay and conditions claim.

Customs officers at Felixstowe and Harwich remained on strike, but it was expected that they would return to work over the weekend. The action has caused widespread delays to exports and some imports.

The unions said further strikes might be called at ports next week. The Customs and Excise said most ports had coped well with the effects of the dispute, but Poole had been the worst hit.

The action was intended to use transport firms to put pressure on the Government to resume talks on its 4.6 per cent pay offer to the 240,000 members of the two unions.

Nalgo to vote on political fund move

By Jimmy Burns, Labour Staff

NALGO, the fourth largest union, is considering setting up a political fund which would allow it legally to spend money on supporting a particular party.

The move is to be put to the vote at the white collar union's annual conference in Blackpool on June 7. It is expected to test the extent to which the Government's social services cuts have politicised its traditionally neutral and moderate membership.

In 1982, Nalgo members voted by nearly eight to one not to affiliate to the Labour Party. However, union officials expect that the results of next month's conference vote could be determined by the outcome of the High Court action brought against Nalgo by Conservative trade unionists.

The action is continuing on Monday. It is aimed at securing a declaration that a £1m campaign supporting public services is unlawful under electoral and trade union law on the grounds that the propaganda is overtly political and pro-Labour.

Yesterday, Mr John Monks, Nalgo's assistant publicity director, denied that the campaign had been organised with the specific aim of bringing down the Government.

Sealink begins talks over plan for catering job cuts

BY MANI DEB

SEALINK has begun talks with union leaders in a number of ferry ports to reduce the permanent catering staff on ships by about 250 to cut costs in off-peak seasons.

The biggest redundancies will be at Holyhead, where about 95 jobs are at stake, while 60 jobs will be cut at Dover and about 45 at Stranraer.

Talks will also begin at Harwich, where Sealink hopes to negotiate a manning reduction of 59, including 56 catering staff, when the present deal with the union runs out in October. The company also aims to cut holiday entitlement from 102 days to 80 days a year.

The National Union of Seamen yesterday said it was co-ordinating the talks at local level and would develop a national response to the proposals.

Sealink said the redundancies, most of which would be voluntary, were necessary to raise cost-effectiveness

Smithfield meat market dispute may escalate

By Charles Leadbeater

A DISPUTE over a trade union's right to regulate the use of temporary labour at London's Smithfield meat market could flare into a confrontation, a meat company warned yesterday.

Allied Meat Importers' stall at the market has been closed for 13 days because the company has refused to fill a vacancy with a porter selected by the Transport and General Worker's Union. The company yesterday threatened to send in its meat lorries on Sunday with its own workforce unless a settlement could be reached.

The practice under which the TGWU keeps a list from which it nominates porters to take on temporary and permanent posts has operated since 1936.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday May 30 1987

Re-inventing the Alliance

ANYONE REFLECTING on the British general election campaign this weekend, and perhaps still wondering how to vote on June 11, must be stuck on one question: whatever happened to the Alliance? Why is it languishing at around 20 per cent in the opinion polls when, in the days before it was invented, even the Liberal Party alone could sometimes do better?

Part of the explanation is obviously Conservative strength. Indeed since the living standards of perhaps three-quarters of the population have been steadily rising for the past half decade, it may look surprising that the Tories are finding it hard to go above the 42 per cent level — roughly the same as their share of the vote in the election of 1983. A solid core of Conservative voters exists, but new converts are slow in coming. That suggests that money incomes are not the sole determinant of how people vote.

Another explanation is the performance of the Labour Party under the leadership of Mr Neil Kinnock. It does not look like the party of Mr Michael Foot. In terms of publicity and television advertising it looks the most professional of the lot. Even Americans have been impressed by the smoothness of its party election broadcasts.

Major exception

The Labour Party has changed in policy terms as well. Mr Kinnock puts the emphasis on the reduction of unemployment and the alleviation of poverty. He plays not only to the 25 per cent or so of the population which may not have done well out of Mrs Margaret Thatcher, but also to that section of the 75 per cent which has a social conscience and wonders whether there might not have been a better way to deal with the problems of structural change than allowing so many people to go out of work and so many services to be disrupted.

There is, of course, one major exception: defence. Any new converts to the Labour Party or defectors returning to the fold are likely to vote for Kinnock in spite of his non-nuclear defence policy rather than because of it. Still, it is possible that some of the electorate do not consider what any British government does about nuclear strategy as an immediate concern. Jobs, the health service and poverty may matter more.

At any rate, it was always clear that once Labour had a young leader capable of using modern communication methods and trying to reform his party, the Alliance would have a problem on its hands. The Social Democratic Party, after all, came into being because its leaders, like Mr Roy Jenkins and Dr David Owen, believed that Labour was doomed. There were other social democrats with small letters, like Mr Denis Healey, who chose to stay with the old ship, as well as some younger members like Mr Bryan Gould, who has emerged as one of the most articulate performers in the present campaign.

Thus a revitalised Labour Party became a challenge to the Alliance's *raison d'être*, and to the SDP's in particular. It was not so apparent when the Alliance was frequently outpolling the two big parties in local and by-elections, as the Liberals had sometimes done before. But it is a fact that less than two weeks before the general election, the Alliance is in danger of being squeezed between a reforming Labour Party and the formidable Conservative electoral machine.

Not all the faults are in the stars: some of them are of the Alliance's own making. The two Davids, for instance, seem unable to make up their minds whether they will look better hanging together or hanging separately. The Alliance manifesto is long and respectable to the point of being dreary. Above all, there is a remarkable confusion about whether the principal Alliance aim is a hung parliament or simply to maximise its percentage share of the vote. In either case, the details of the manifesto are of no great relevance.

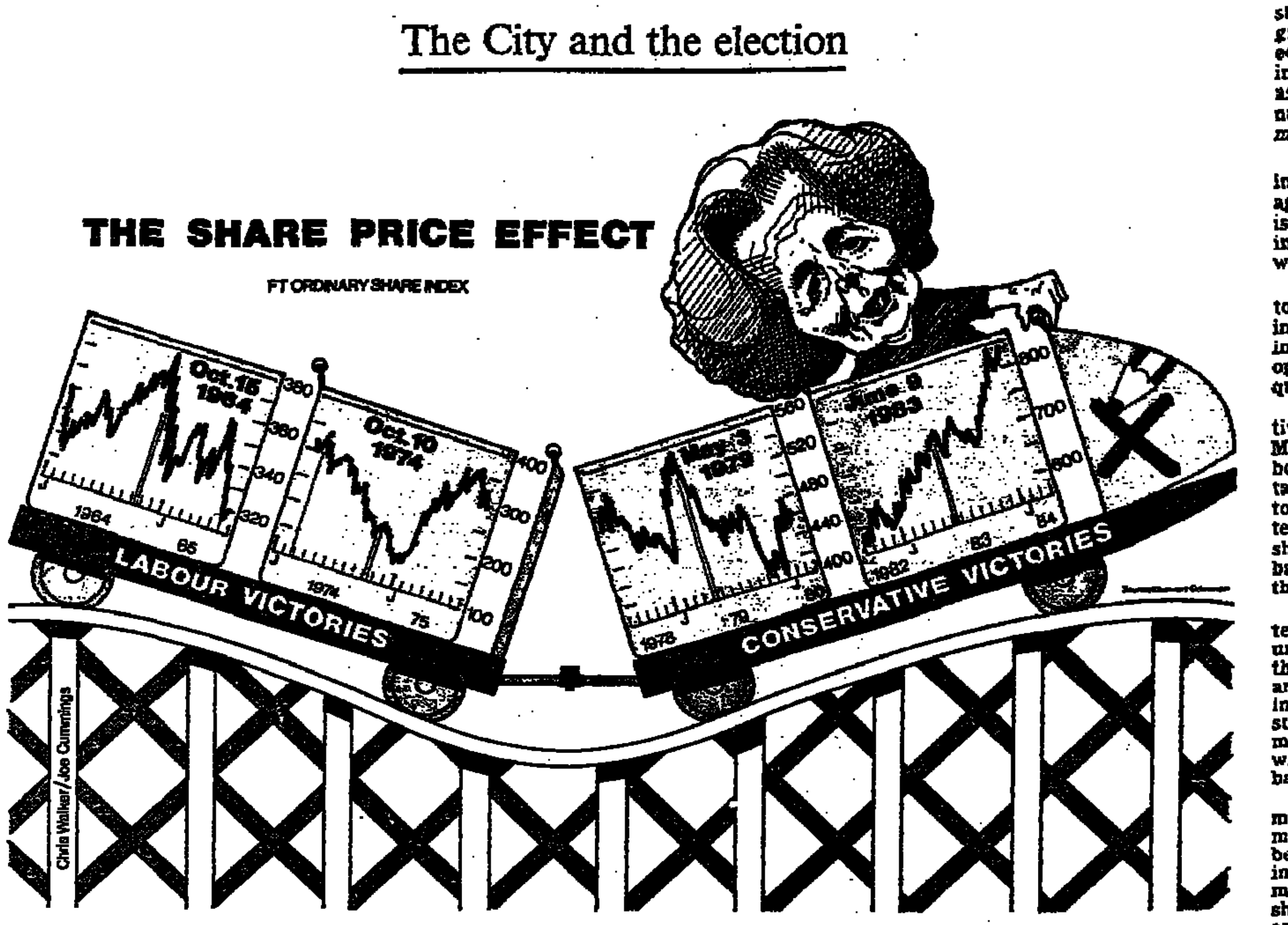
Human face

The evidence of the opinion polls that have raised the question is that a hung parliament would not be popular. Certainly there is no obvious reason to believe that it would provide effective government. Besides, the risk in going for the hung parliament as the major goal is that the Alliance will look exceptionally foolish if it fails to achieve it. It will be like the Liberal Party writ small.

The better aim is to go for every possible vote. It should attack the Labour Party for being reforming, but not yet reformed. It should attack the Conservatives for the gaps and inconsistencies in their approach to the social market economy—and the lack of the safety net. In other words, it should put itself forward as the natural repository for those who want Thatcherism with a human face.

The Alliance has become too inhibited. In the last ten days the the campaign it should come out fighting. For if it fails now, something very like it will have to be re-invented later.

The City and the election



Jumping at shadows in the Square Mile

By Barry Riley, Financial Editor

IT COULD never happen. But if it did, the City of London fears that the impact could be shattering. "Devastating" and "savage" are among adjectives *freely used by leading* City practitioners to describe the impact of a Labour victory in the election on June 11.

But although the gilt-edged market and the sterling exchange rate wobbled at times this week, the financial arkets have remained relatively calm. The equity market traded confidently, close to its all-time peak level, boosted by a near-record performance yesterday.

Public opinion surveys have shown the Labour vote responding positively to Neil Kinnock's campaign and closing on the Conservative share of the poll. But the Tory vote has held steady, and a serious test of the financial markets' nerves has yet to be inflicted on the Square Mile.

The most sensitive indicator on the City's opinion can be found in the gambling service run by City Index, a bookmaking company which normally focuses on FT Index movements but which, during the campaign, has been taking bets on the election outcome.

This week the gambling has centred on a figure of 360 or so Tory seats—giving the Conservatives a lead of 70 over all other parties. A wager on an overall Conservative majority has been a one to four on shot.

But if the opinion polls continue to show the gap narrowing and those odds start to shift, the markets appear to be extremely vulnerable to an electoral upset.

City fund managers and brokers talk of hundreds of points coming off the "Footsie" Index, which this week has been trading around the 2,150 level until the upsurge yesterday. Gilt-edged yields, they think, might suddenly shoot up from under 9 per cent to more like 11 per cent.

"There would be a bloodbath" says Bob Cowell, in charge of equity research at brokers Hoare Govett. "You'd see a very savage markdown," according to Jack Wigglesworth, head of sales at Lloyds Merchant Bank Government Bonds.

The setback would be "without precedent," suggests John Mann, a senior executive at County NatWest Gilts. The new gilt-edged trading system would come in for "a very interesting and dramatic test," he adds.

Senior fund managers such as David Barker, head of investment policy at Hill Samuel Investment Management, talk in terms of a 15 per cent slump in the price of UK equities on a Labour win.

These comments are a reflection of the faith that the City has in the policies of Margaret Thatcher almost as much as they are a consequence of the fears of Socialist rule.

Yet are the fears out of proportion to the reality? The Square Mile has endued Labour rule twice in recent memory, in 1964-70 and in 1974-79. There was no armageddon. The City of London survived and in many respects prospered.

It is true that the equity market dropped by more than 10 per cent after Harold Wilson's victory in 1964, but by 1968 equities were hitting a level in inflation-adjusted terms that they have never equalled until the past few weeks.

Labour re-election in 1974 did not prevent the amazing recovery in the securities markets in 1975. All the same, it is a fact that the late 1970s were dull years for the City, brightened only by booming business for gilt-edged brokers as the Government struggled to fund its huge deficits at sky-high interest rates.

Yet the Conservative win in 1979 was only a shortlived tonic. The FT Index tumbled by 150 points in the six months after the May poll and it took several years for the City to adjust to the harsh impact of Thatcherism.

Since then, however, the Square Mile has boomed as never before.

The crucial contribution of the Thatcher Government to the City is that it has established the framework for it to become a hugely successful international financial centre, with international remuneration levels.

The most vital single step was the dropping of exchange controls in 1979. But the attack on the Stock Exchange's restrictive *practices in 1983 (leading* up to the Big Bang of 1986) was also important, although many practitioners resented it at the time.

With markets expanding rapidly all round the world, the international role of London has enabled the City to become rich and powerful as never before.

Yet wealth does not generate popularity: quite the reverse. The Square Mile is politically vulnerable, sticking out like a gilded sore thumb in a country stricken by high unemployment

In the 1960s and 1970s London's financial markets were largely domestic, cut off by exchange controls from the rest of the world (although the Euromarkets were developing in a carefully segmented way).

Now the markets look predominantly outwards. Labour politicians believe that the City is therefore neglecting its responsibility to finance the recovery of British industry.

The direction of institutional cash into politically inspired projects through a British Investment Bank, and the imposition of tax penalties on overseas investment by pension funds, form part of the Labour manifesto.

City practitioners fear that these measures would only form the first wave of a new panoply of restrictions and *controls. But there is a more* pressing threat to the pound (or dollar) in the City financier's pocket.

Income taxes on the highly paid could shoot up under a Labour regime. This, many believe, might make it impossible for London to continue to develop as an international financial centre.

Although representatives of the rapidly growing international financial community in London are reluctant to be quoted on domestic politics, some of them hold strong views.

"A win for Labour would be devastating. The City would never recover," says the London chief of a global investment bank. "People are essential. Talent moves between Tokyo, New York and London with amazing fluidity. There is every reason to believe that, with improved communications technology, we would put our key people in the other centres."

He adds: "London would only be an operational centre staffed by journeymen. After five or six years London would have lost its position as a major international centre."

Other foreign investment bankers are less gloomy, but still concerned. Jean Rousseau, chief executive of the European region of Merrill Lynch, emphasises that his group has made an enduring commitment to the City.

"It would require a great deal of political and economic change to cause us to undo that commitment to London as the centre in the European market."

Mr Rousseau argues that London has achieved its predominance not because of any active or positive steps by British Governments in the past, but because of shortsighted and negative measures by governments elsewhere in Europe.

The City, he suggests, has benefited greatly from liberal attitudes. "Any Government would tamper with that tradition at its peril."

Merrill Lynch has analysed and scored the attractions of various European cities as international financial centres. London comes out with the highest marks. But a jump in income tax rates might change that.

"We rate the level of income tax very high as a factor affecting our ability to do business," says Jean Rousseau.

The income tax question is being raised at a time when top tax rates are actually being cut sharply in the US, and to a lesser extent in other countries too. When the highest rate payable on earned income in the UK was 83 per cent in the 1970s the corresponding top US level was 70 per cent.

Moreover, the last Labour Government introduced a foreign emolument deduction which had the effect of neutralising the 83 per cent rate.

But that concession was abolished several years ago by Nigel Lawson on the grounds that it was no longer justified with the top rate down to 60 per cent. It is impossible to imagine a future Labour regime restoring such a facility

Next year the effective top rate in the US could be down to 33 per cent. So it would be no time for British tax rates to start rising again. Global groups usually have a policy of equalising the local after-tax incomes of their senior staff so as to maintain their international mobility. But this *might* become impossible.

"No business could afford to indemnify its best people against tax of 80 to 85 per cent," is the view of a top American investment banker. "The cost would be astronomic."

But while the City is inclined to slip into a spiral of ever-intensifying gloom when thinking about life under Labour, the opinion polls still predict a quite different future.

Margaret Thatcher is positively idolised in the Square Mile, not least, presumably, because that top rate of income tax is likely to drop smartly towards 50 per cent once a new term has been secured. That should keep the American bankers anchored happily in their Chelsea townhouses.

In more general economic terms, the appeal of the Tories under Mrs Thatcher is that only the Conservative Party gives any priority to achieving lower interest rates. The other parties stand in varying degrees for more spending and borrowing, with costlier money and probably with higher inflation too.

But do the markets have much more to go for? Already monetary policy is seen to have become comparatively lax and inflation targets have been missed (though full membership of the exchange rate mechanism of the European Monetary System after the election might provide a degree of reassurance in these areas).

And *if* a Tory victory is so *fully* discounted in current stock market levels is there a danger of a setback, or at least a prolonged period of sideways movement, after June 11? This happened in 1979, but not in 1983, when after a normal seasonal pause in the summer the equity market surged strongly ahead again.

On purely domestic grounds a reaction would seem likely, but this is where, once again, the international factor comes in.

"There are foreigners waiting on the sidelines," says Bob Cowell, arguing that they are more cautious about trying to read the election result ahead of the event than domestic investors. "There is a lot of money waiting to hit London."

British companies, he argues, are lowly rated and degeared by international standards. "You couldn't write a better buy line for the UK corporate sector."

But Japanese and American investors are terrified of the uncertainties of a Socialist administration. And the big difference between now and 1974, and even more of 1964, is that international investors are playing major roles in securities markets that used to be purely, domestic.

Yet even 20 years ago international opinion certainly ruled the foreign exchange markets. The vulnerability of sterling always placed a strict limit on what past Labour Governments could do.

And certain current Labour policies, notably the scheme to force repatriation of overseas investments, could actually boost sterling and swell the volume of money looking for domestic investments. A 300-point fall in the "Footsie," if it should ever happen, might prove to be a splendid buying opportunity.

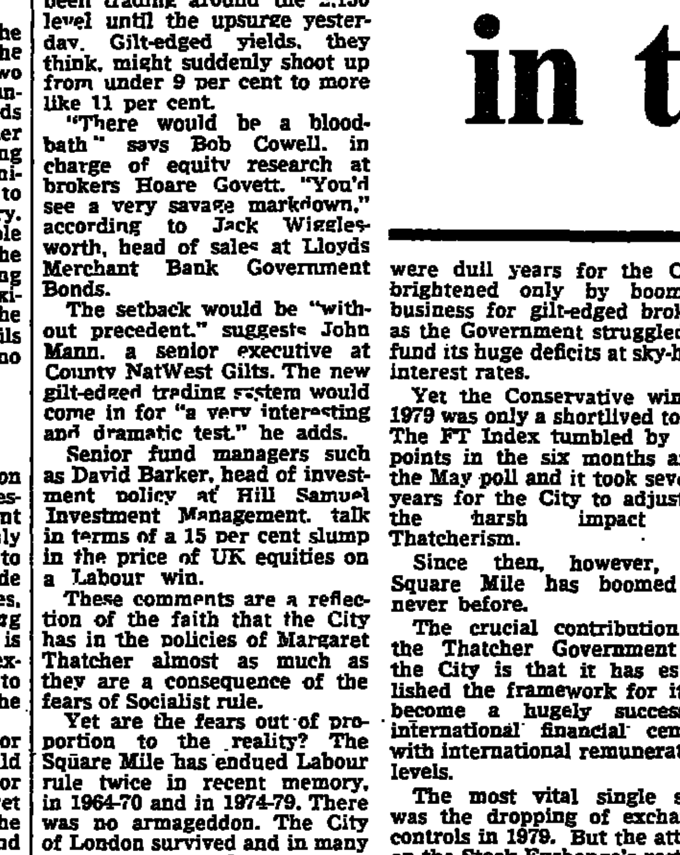
But the City of London prays that it will never have to make that particular judgment.

Man in the News

Roh Tae Woo

An heir apparent but not certain

By Maggie Ford in Seoul



TUESDAY WAS a red letter day for Mr Roh Tae Woo. As President Chun Doo Hwan of South Korea was unveiling a list of sackings from the Government which surprised even those expecting them, Roh, his probable successor, had returned to his home town for the day.

At a meeting of the local branch of the ruling Democratic Justice Party, of which he is Deputy Leader, he was met by an unprecedented show of enthusiasm. For the first time, it seemed, people were convinced that the mantle of the presidency was likely to descend on the second in command.

Mr Roh comes from the same home town, Taegu, as the President and was clearly pleased, though perhaps a little embarrassed by his reception. "I didn't expect you to treat me this way," he said to the party faithful. For although he has been the President's close confidant and deputy for years, Mr Roh has always been careful not to appear ambitious to take over the top job.

A decision on President Chun's successor is relatively urgent. The President says he plans to step down in February next year, at the end of his seven-year term, and an election is to be held later this year. The DJP plans to hold a national convention on June 10 to choose its candidate and party members and public have been waiting for signs of the President's views for months.

As party leader, the President's views will be crucial, for the DJP candidate is certain to win the election, which will be held under rules which do not give the opposition a fair chance.

DJP supporters thought they saw some clues in the Cabinet sackings this wek. Three of Mr Roh's potential rivals were dismissed — the Prime Minister, the Home Affairs Minister, and the head of the National Security Planning Agency, in charge of security and intelligence.

Second, President Chun seemed to have made the changes the party had asked for. The new Cabinet appointees include a number of party men without military backgrounds, a factor likely to appeal to the popular wish for democratic change.

South Koreans have become increasingly angry over two issues: the cover-up of the police inquiry into the death of a student tortured under interrogation; and a financial scandal involving high-level fraud and the suicide of a top businessman.

Public anger has been fuelled by the President's decision last month to call off talks with the opposition parties over democratic change until after the Seoul Olympic games in 1988.

The President said the nation could not afford the risk of instability that continuing political argument could cause.

The result has been a marked increase in his unpopularity. This has rubbed off on the ruling party and compounds he prepares to step down.

The qualifications for South Korea's next President, assuming that President Chun makes good his promise, will therefore include loyalty to the incumbent and the ability to protect him from revenge.

Mr Roh scores well on these counts. Aged 54, he graduated from the Korean Military Academy in the same year as the President. In 1979, when the then General Chun decided to move against other elements of the military and take control of the country, the then Gen Roh moved troops to Seoul in his support.

He has served as head of the Capital Garrison Command, which protects the Government from civil disorder, and in the Defence Security Command, the intelligence arm of the military, where President Chun also served.

Since he retired from the military, Mr Roh has held a series of increasingly important posts ranging from National Security and Foreign Affairs Minister to Minister in charge of Olympics organisation.

Mr Roh became chairman and deputy leader of the ruling party in 1985, after election to the National Assembly.

The task of chairman of the ruling party in a country like South Korea is almost impossible. As well as maintaining control of the political situation, which historically involves deeply unpopular repressive tactics, he much try to keep the peace between hawks and doves within the party. At the same time, he has to try to improve the party's image and gain support from the people so that it can win an election.

The DJP conspicuously failed to do this in -985, the last time South Koreans had a chance to go to the polls. Voters in the well-off urban areas delivered a crushing defeat, voting for an opposition party which had been formed only weeks before

The only way the party can improve its support, some members believe, is to distance itself from the President and its military origins and deliver real reforms to the people. Others believe that any reduc*tion in control would be dan*gerous, not least because it might encourage intervention from Communist North Korea.

Since any major change requires the consent of the President and to some extent the security forces, the party and its leader are in a weak position.

Mr Roh has walked this tightrope for the past two years by exercising extreme public caution. He has discouraged his supporters from making any assumptions about his position

His personal style, however, seems more colourful than that of the President. In a speech last month, referring to the activities of the opposition, he said. "In this beautiful season, when all living creatures regain strength, our sprouting buds for democracy have been plucked by their merciless hands."

More may become clear about the future direction of the country if he becomes the presidential candidate next month. However, Mr Roh could then become vulnerable to swings in public opinion leading to the need to find a scapegoat. But as long as President Chun remains in charge, the fate of Mr Roh lies in his hands.

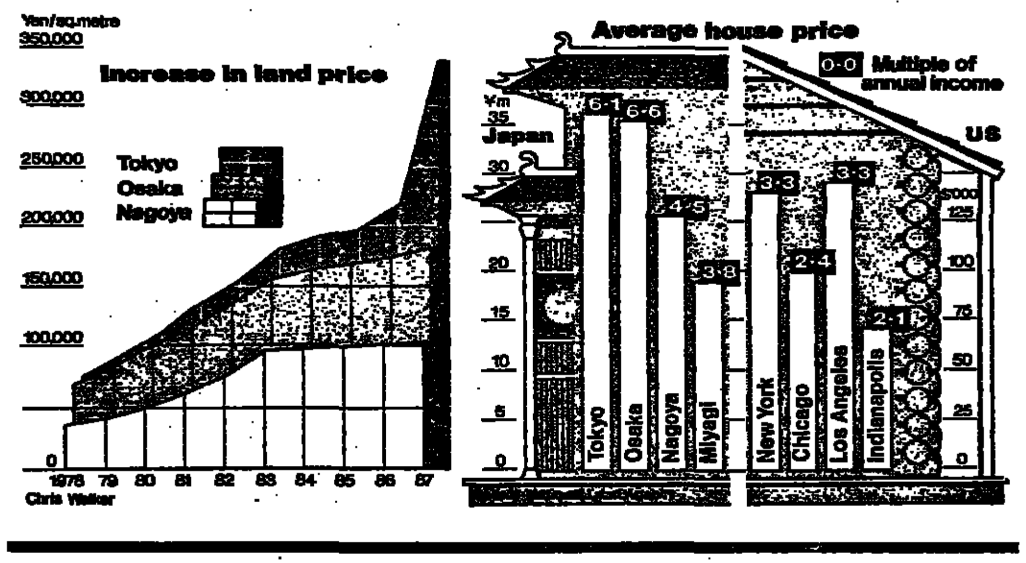
Yoko Shibata and Ian Rodger in Tokyo on the cost of buying a house in Japan

Home on the high range

SPARE A THOUGHT for Mr Takuma Yamamoto, president of the huge Japanese electricals group, Fujitsu. Mr Yamamoto last year gave up trying to buy the house in a Tokyo suburb that he has been renting and living in for nearly 20 years.

Year after year, he had built up his savings, looking forward to the day when he would have enough to buy the house. But the 50 per cent rise in Tokyo residential land prices last year apparently put the purchase out of reach forever.

Spare another thought for the Japanese Government, facing the increasing impatience of US and other foreign governments for its apparent inability to boost domestic demand. The high cost of land in Tokyo is one of the main reasons. People who cannot afford to buy homes do not buy furniture, cars and other consumer durables. In Japan, you must prove you have a parking place before you can buy a car.



Local governments are reluctant to build roads when they know that the cost of acquiring the land will be ten times construction costs. In one recent case, Y430bn was paid for 1,400 yards of a highway in the centre of Tokyo. Construction cost a mere Y30bn.

Until recently high property prices in Tokyo have been accepted as a fact of life. But the extraordinary surge of the past year is turning them into a national and an international issue. They emerged as such in recent US-Japan farm trade negotiations, for example.

Analysts say that, contrary to the generally accepted view that high land prices are an inevitable consequence of Japan being a small, overcrowded country, many things could be done to ease the pressure on Tokyo. But most of the suggested measures, including property tax reform, would be politically unpopular.

Land prices throughout Japan rose 7.7 per cent last year, but that figure masks a decline in the country as a whole and enormous rises in the Tokyo area of both commercial land (up 74.9 per cent) and residential land (up 50.5 per cent). In Denenchofu, a prime Tokyo residential area, land which was worth Y900,000 (£3,815) a square metre 18 months ago is now going for over £3.9m.

Thus it has become impossible for an ordinary salaried employee with annual income of Y6m (£25,450) to aspire to own even a rabbit hutch within an hour's commuting distance from central Tokyo.

The primary reason for the astronomical prices is the shortage of office space in the city, which arises in part from the surge of new companies seeking to enter the Japanese financial markets, including foreign financial institutions.

The pressure on the centre has spread throughout the city. Big companies and financial institutions, finding that they are unable to buy or rent in the prime areas of Marunouchi, Otemachi or Ginza, have gone to near-suburban, partly-residential areas, such as Kanda, Nihonbashi and Hamamatsucho.

A ruthless and highly profitable trade in land for redevelopment has sprung up in these areas. Entrepreneurs buy up tiny shop and apartment sites or take over ownership of buildings and then put pressure on leaseholders to vacate, very often utilising Yakuza (gangsters) and, if necessary, arson. One parcel of land in Shimbashi was bought last year by a small estate agent for about Y18m per 3.3 sq metre. When sold, the land collected 5.6 times that amount. This practice is termed Tochi-Korogashi (selling land among real estate brokers to raise the price).

The tenants on the sites are driven out with large pay-offs. They then spend the proceeds quickly on high-quality houses elsewhere in Tokyo as a means of avoiding capital gains tax, driving up prices in the process.

Japan's banks contribute to the frenzy by their eagerness to provide credit to real estate speculators. Bank of Japan figures show that banks' outstanding loans to real estate companies for 1986 doubled from the previous year to Y7,200bn.

Early this month, the Ministry of Finance and the Bank of Japan said they would tighten their reins on banks by requiring them to submit reports on land-related loans every month, instead of once every six months. The Government is proposing to raise the tax on profits from land sold within two years of acquisition from 86 per cent to 96 per cent, but that just makes speculators laugh. "It is still profitable to sell land within two years of acquisition because interest rates are extremely low," one said. The marginal cost of finance to a big group like Mitsubishi Real Estate or Mitsui Real Estate is less than 1 per cent.

> Until recently in Tokyo, high property prices have been accepted as a fact of life

However, the cost of acquiring commercial property is such that yields are totally inadequate. Rents in Tokyo's commercial buildings may be three times as high as those in New York and London, but they produce yields of less than ¾ per cent. Thus, in many cases, the only development that makes sense is redevelopment of an existing site by its present owner.

Many companies in declining industries, such as steel, shipbuilding, cement and pulp and paper, have huge factories and property holdings in the Tokyo area. The prospect of those properties being transferred into high yielding office buildings or apartments has caused considerable excitement in the trading of their shares in the past year, and a few major projects are already under way.

Onoda Cement is building big office building, which, when completed in 1990, should yield an annual revenue of up to Y4bn, enough to pay the hard-pressed group's annual dividend.

Nippon Kokan (NKK), a major steel company has decided to lease part of its head office in Marunouchi, a prime business district, by shifting its entire steel division to its Keihin plants in Kawasaki in July.

Japan is a small, crowded country and 70 per cent of the land area is mountainous and uninhabitable. But that does not explain why 60 per cent of people live on only 2 per cent of the land or why some 20 per cent of the land in metropolitan Tokyo is given over to rice farming.

Analysts are beginning to look more closely at the problem and to propose solutions. Land even became a topic at a high-level Japan-US government forum called Structural Dialogue last March. The US view is that Japan's agricultural protection policy is largely responsible for causing bottlenecks in land supply in urban areas.

It is true that the Government's support of very high rice prices and low taxes on farm land discourages farmers from selling to developers. There are other factors as well.

Mr Bunpei Otsuki, chairman of the Federation of Employers Associations, has pointed out that Japanese property taxes, in general, are extremely low, and have not risen in line with market values in the past 20 years. Thus, people have been able to hold on to properties that they could not normally afford. On the other hand, severe municipal restrictions on density prevent inner city land from being used to its maximum potential.

Prospects seem slim for the kind of radical changes in tax laws and zoning regulations that would bring about a decisive increase in the supply of land and buildings in Tokyo. So far, none of the political parties has dared take on the issue. They rightly fear that property owners would be furious with any action that might lower the value of their property or even prevent it from continuing to rise. Many people have borrowed heavily to invest in the stock market, using their property as security.

Thus, it seems likely that, paradoxically, when new land does become available, as with recent sales of surplus land by the railways, it will cause excessive excitement and push prices still higher.

Last week, Tokyo's estate agents were excited by the news that Australia planned to sell its Tokyo embassy site in Azabu, a prime residential district. The deficit-ridden Australian Government has been examining assets around the world and discovered that its Tokyo embassy was worth a staggering A$1bn (£428m), a thousand times the price paid 35 years ago.

Admirers of the British embassy, a spacious colonial compound facing the Emperor's palace in central Tokyo, need not worry. It has been leased from the Japane Government on a perpetual basis for a peppercorn rent.

Stock market new issues

Diminishing returns for the stags

By Richard Tomkins

"HOW MUCH money did YOU make on Rolls-Royce?" asks the headline on a tip sheet advertisement telling people how they can become rich playing the new issues market.

The answer is probably not very much. The aero-engine maker's shares may have soared to a 73 per cent premium on the first day of dealings, but the issue was so heavily oversubscribed that individual allocations were too small to provide anyone with an early retirement in Marbella.

Indeed, the whole notion that small investors can make big profits out of new issues is largely fallacious. Yet it has become so firmly embedded in the British public consciousness that the country appears to be in the grip of flotation fever.

Even the smallest stock market debutantes are being overwhelmed by the demand for their shares. When Sock Shop came to the market with a £5m offer for sale three weeks ago, it received applications for 53 times the number of shares available. Last week, the £8.5m offer for sale of shares in Pickwick, the record company, was 55 times subscribed.

This is not the first time public offerings have been heavily oversubscribed. Rising stock markets usually do the trick.

This is because when a new issue is priced, its sponsors aim to build in a 10 to 15 per cent first-day premium for investors to ensure a warm response. But if the market as a whole moves up by, says, 10 per cent between the time the price is fixed and the day dealings begin, that premium too will be added to the company's price. In a strongly rising market the investment is therefore almost risk-free.

In a falling market, or even a flat one as in the second half of last year, new issues are more hazardous. Then, the investors tends to receive full allocations in undersubscribed flops, so a new issue portfolio automatically assumes a heavy weighting towards the failures.

So far this year, however, only one new issue out of 55 has ended its first day below the issue price, and that by only 1p. The average (unweighted) first-day premium of all new issues in 1987 has been 28 per cent.

That is the fundamental reason for new issue euphoria. But the difference between this and earlier waves lies in the people taking part.

Until now, "stagging" public offerings—that is, buying the shares to sell them for a quick profit on the first day of dealings—has been a traditional City activity. But the Government's privatisation policy has changed the sport entirely.

Most Government issues have gone to big premiums, so millions of novice investors have been introduced to the notion of stagging as a means of making easy money.

The trouble with this craze for stagging is that there are just not enough pickings to go around. "It's become so bad that I'm thinking of hanging up my antlers," says one old hand.

Matters have been made worse for stags by changes to the new issue rules. Just as the Government has been working so assiduously to widen the public's access to new issues, the Stock Exchange has restricted it by reducing the number of public offerings. It has done this by increasing the maximum amount of money a company can raise when coming to the market through a placing.

Placings put shares directly into the hands of a small number of institutional investors and private clients of the issue's stockbroker, so ruling out public participation.

Last October, the Stock Exchange increased the placing limit from £5m to £15m, a figure which embraces the vast majority of new issues. As a result, the number of offers for sale has slumped. In the seven months before the rule change, there were 34 offers for sale and 10 placings on the main market. In the seven months since, the number of main market offers for sales has fallen to 15 while placings have shot up to 40.

There were good reasons for this change. For one thing, it had been stuck at £5m for as long as anyone could remember. More important, companies prefer placings because they are cheaper and easier than offers for sale.

Those companies which do choose an offer for sale may gain good publicity when their issue is heavily oversubscribed, but when dealings begin and the share price soars, they begin to wonder whether they have allowed themselves to be sold too cheaply.

Such feelings often do an injustice to the issue's sponsors. Enthusiasm for a flotation is notoriously fragile and, in any case, a company's share price must eventually bear a solid relationship to prospective earnings. If shares rise to unrealistic levels in early dealings, they have a habit of rebounding to more sensible levels later on.

From the company's point of view, however, placings are often regarded as a more civilised alternative to the offer for sale, even though there is no statistical evidence to suggest that they produce more accurate pricing. The Bank of England carried out an exhaustive survey last December and found no discernible difference between the two flotation methods in terms of after-market premiums.

If no one is crying out for reform in the new issues market, it is because everybody knows that the problem will not last. Sooner or later an issue will go wrong, the stags will get their fingers burnt, and the flotation froth will evaporate.

The inevitability of this gives rise to another concern in the City, since novice stags are not well acquainted with the rules of the game. Specifically, many of them do not understand that once they have written a cheque for a share allotment, they are legally bound to honour it.

In one recent issue which did not go as well as stags had hoped, the sponsoring merchant bank found itself with hundreds of stopped cheques. The problem was containable on that scale: but if there were a serious flop, many thousands of investors might try the same ploy. The sponsor would then be faced with the heavy cost of pursuing them all for payment and/or the losses it would incur by taking the stock on to its own book. Either way, it could catch a nasty cold.

Letters to the Editor

The oil tax burden

From Mr C. A. Rowland

Sir, — Your leader, A misdirected energy policy (May 20), rightly draws attention to the unconvincing argument for subsidising North Sea oil developments and rightly warns against complacency. Complacency, though, will only be furthered by your inaccurate observation that oil taxes on marginal fields have already been abolished.

Authoritative reports have time and again stressed that the tax system applied to oil fields still drives a wedge between pre-tax and post-tax returns which inhibits new field investments. It offers insufficient allowances to protect the normal return on capital, so important with the long lead times faced by North Sea investors; it fails to tax profits in a progressive manner; and it fails to recognise that investors need to be compensated for shouldering geological and economic risks.

Much has been done in recent years to reduce the oil tax burden, particularly for new small fields. However, small does not necessarily mean marginal—witness Mobil's decision to proceed with Ness where reserves are around one-hundredth of the reserves in first generation fields like Forties, while major finds such as the "T" block are still on the drawing board — and oil taxation remains at a level which appears to act as a disincentive that crowds out investment into lower value added uses. The dangers of complacency are indeed great.

C. A. Rowland.
Barclays de Zoete Wedd,
Ebbgate House,
Swan Lane, EC4.

A way to frighten pirates

From the Earl of Winchilsea

Sir,—Last week you reported that the European Commission had adopted a regulation 2641 complaint against Indonesia, alleging widespread piracy of Western copyrighted material.

Apart from the fact that the 2641 procedure raises the contentious issue of extra-territoriality by the Community, it is also very slow as it provides for an investigation and a GATT referral, but no penalties that will yield a cent to Western producers. In the case of this particular complaint, the overall procedure could drag on into 1989 or 1990. In the meantime, Western music copyright owners continue to lose huge sums of money.

There is, or perhaps was, an alternative solution. On March 25 the President of Indonesia signed and sent to the Indonesian Parliament a Bill which gives full and complete protection to Western copyright owners. The text of this Bill was passed to the British Government in early April via myself.

Earlier this month a senior delegation from the Indonesian Government visited the UK and indicated that the legislation may be enacted in August. If that happened, it would give Western producers access to the Indonesian courts, to protect their works, as early as September or October.

The Bill provides for damages and quite severe penalties. No matter how slow the Indonesian courts, and they could hardly be slower than our own, they are faster than the EEC combined with GATT. The very existence of action in the Indonesian courts will frighten music and video pirates in a way in which the EEC/GATT never could.

There is, unfortunately, a real danger that the existence of the EEC investigation will persuade the Indonesians to suspend or slow their legislation, pending the outcome of the EEC/GATT procedures. This would be a disaster for Western music interests, and for Indonesia.

Perhaps the time has come for the Commission to examine whether diplomacy, rather than a contentious and almost untried regulation, might not move more swiftly to ensure the achievement of its objectives in this particular case?

The Earl of Winchilsea.
Liberal Peers Office,
House of Lords, SW1

Fresh air over the green belt

From Mr J. C. Sykes

Sir,—Anthony Harris's piece, Strangled with a green belt (May 14), brings a breath of fresh air to this out-moded concept.

Most of the land forming our green belts is under the highly-subsidised cultivation of crops destined for the stores of the European Community. In many places, access to the public is extremely limited, and even where access is permitted there is little variety of flora or fauna due to modern agricultural practices. One also risks contamination from selective herbicides or fungicides at certain times of the year. Far more valuable to the people of our cities for recreation and leisure are the parks and woodlands forming part of or extending into urban areas.

Now that we no longer need this land for food production there should be a thorough reexamination of green belt policy, not least because of the contribution it makes to building land price inflation and the consequential problem of labour mobility within England.

J. C. Sykes.
85 Main Street,
Barton-under-Needwood,
Staffs.

Origin of Men and Matters

From Mr A. H. T. Chisholm

Sir,—Observer's mention (May 19) of this year's 50th anniversary of Men and Matters recalls how I came to start it shortly after being appointed Editor of the FT in February 1937 by the late Lord Camrose, its then proprietor.

He asked me if I could start a City-angled version of Peterborough (then as now a prominent daily feature in the Daily Telegraph), but advised making it weekly to begin with in case of a dearth of material. However, when I argued strongly for daily publication (adding that I would ensure against any such dearth by offering staff five shillings an item, on the lines of the dollar an item I recalled receiving 10 years previously when working on the Wall Street Journal for its somewhat similar Straws column), he agreed. Title and Observer by-line were chosen, sufficient starting copy was accumulated and the daily column soon started on its long career.

With the FT's 100th anniversary of first publication looming next year, I might add that on its 50th anniversary in 1938 I was not so successful in argument with Lord Camrose. On that occasion the BBC whose public television transmissions had begun only two years previously from Alexandra Palace, asked me to appear on their Picture Page programme to talk about "The last 50 years of Finance." I disliked the notion, on "Editors should be heard but not seen" lines, and said I must consult my proprietor whose verdict, after I had deployed my arguments against the idea, I can well recall: "Well Chisholm, I think you should do it. You will be the first Editor to be televised, you will do it very well, and it will be free advertising."

So it was so; and it proved an agreeable occasion, even if I did come in for a good deal of ribbing from City friends about the Editor of the FT appearing on Picture Page sandwiched between The Oldest Cabby in London and the Youngest Chorus-girl in London (10 minutes each).

A. H. T Chisholm, CBE.
107, Hamilton Terrace, NW8.

A problem of jargon

From Mrs G. D. Kaye

Sir, — In writing about the application of the new pension regulatory system (May 21), Barry Riley commented that "Pension fund managers and trustees face a summer of poring over complex rule-books. . . ." Their life is not going to be made any easier by the introduction of jargon words for concepts which were previously well defined. Each new consultative document or set of regulations, of which there are many, seems to contain its own glossary or set of definitions, none of which are necessarily consistent within themselves and certainly not with those of the PRAG/PMI glossary.

One of the problems which is common to many practitioners is that of communication and in particular the use of jargon. The pensions industry recognised this problem and, to a large extent, has set its house in order.

A glossary was published jointly by the Pensions Management Institute (PMI) and the Pensions Research Accountants Group (PRAG) in 1980. (This was revised in 1984 and is shortly to be revised again.) The purposes of this glossary were to provide an explanation of terms commonly used by one or more sectors of those professionally concerned with occupational pension schemes and for the assistance of all who have to deal with such schemes during the course of their work or studies; and to encourage those concerned to communicate more effectively by the use of a common vocabulary. The glossary was welcomed and it was widely used within the pensions movement. Unfortunately, the same cannot be said of our legislature.

Will any future pension-industry-sponsored glossary be required to contain two sections, official terms and normal terms?

The most muddled definition I have seen is the latest — it comes from a draft Superannuation Funds Office (SFO) memorandum on surpluses in pension funds, which was circulated to representative bodies on May 1: "Definition of members. . . ." The meaning of this term depends on the context of the particular regulation in which it is used. Need I say any more?

G. D. Kaye.
Research Fellow in Actuarial Science.
Department of Mathematics,
The City University, EC1.

Creative accountancy

From the Leader of the Council, London borough of Hammersmith and Fulham

Sir, — Regarding this council's deferred purchase loan facility, I must respond to the Leader of the Opposition's letter (May 15).

If the newly elected council in 1990 faces a financial crisis, as Councillor Prince predicts, it will not be the result of the current council's activities. The reason for the deferred purchase arrangement is that Government capital allocations were simply inadequate to finance the required level of improvements to the borough's housing stock, even on the Department of the Environment's figures. If councillors in 1990 have to decide between "neglecting their statutory duties" or paying back the debts arising from the deferred purchase loan, as Councillor Prince suggests, it will only be because previous administrations have neglected their statutory duties over a period of many years in allowing the borough's housing stock to degenerate by selling off municipal housing in order to balance the books, and by viewing planned maintenance programmes as a low priority.

It is this irresponsible action that has stored up problems for the future, not the taking out of a deferred purchase facility which is, after all, the way most people and organisations finance the acquisition of their major capital assets. There is nothing improper about writing off the debt over the life of the asset.

The fact of the matter is that Councillor Prince and his colleagues are only too happy to indulge in creative accountancy when it involves cutting services, but they do not like to see the same principles being applied in ways contrary to the principles of neo-liberal dogma to which they adhere.

The international banks involved in assisting local authorities through deferred purchase facilities have taken their decisions with the benefit of Councillor Prince's advice, and your readers must judge for themselves whose financial judgment is more sound. His view of politics is not merely static, it is in reverse.

Councillor Gordon Prentice.
Town Hall,
Hammersmith, W6.

UK COMPANY NEWS

FIH rises by 26% to £9.5m

A 26 per cent increase from £7.51m to £9.5m in pre-tax profits was yesterday reported by Ferguson Industrial Holdings for the year to February 28 1987.

Mr Denis Vernon, the chairman and chief executive, said the pre-tax figure was after an increase in employees' profit sharing, but a lower interest charge, which was down from £1.45m to £84,000.

He said the group's printing and packaging companies had enjoyed generally firm market conditions until Christmas, and at that time it was on target to achieve a significantly better result for the full year.

However, it suffered from the unusually severe weather in January and February. The last two months of the financial year proved rather flat, he said.

To offset this, the group was able to make substantial sales of investments in UK public companies, mainly in the building supplies and packaging sectors. These generated profits of £1.46m compared with £244,000 in the previous year. It seemed prudent to realise those profits while the stock market remained buoyant, said Mr Vernon.

Turnover for the year was down from £150.59m to £89.96m, and trading profits fell from £9.3m to £8.78m. After tax of £3.42m (£3.1m), extraordinary debits of £4.26m (£2.5m), attributable profits came out at £4.15m (£6.1m). A final dividend of £5.9p net takes the total to 9p, an increase of 14 per cent. Stated earnings per share improved from 16.9p to 22.6p.

Towards the year-end, FIH made two major acquisitions. Empery Corporation of the US has been with the group for five months, during which time a certain amount of reorganisation took place, including the closure of one plant.

● **comment**

Not so long ago Ferguson Industrial was considered a building and engineering company, then it became one of the smaller industrial holding companies and now it has emerged as predominantly an accessories supplier to the garment business. This dependence on the high street retailers, especially M&S, has brought with it the problems of coping with their quick change acts and sophisticated stock control systems. The impact of this on FIH was a poor final two months and a slippage of £500,000 or so in the trading profits out-turn. Luckily the tucker bag contained £3½m or so of investments and the disposing of most of them has been a double boon to the pre-tax line—apart from the obvious the cash cut interest to virtually nothing. The £7.3m Empery acquisition in the US will be in for all of this year as will Berisfords, for which £8.7m was paid (mainly in shares). Within the latter is British Trimmings which could be sold to reduce debt. This year the battle is to achieve earnings growth in spite of the additional shares in circulation—anything less than £11½m pre-tax would therefore be a defeat.

Shield pays £7.5m for Stickley & Kent

BY CLAY HARRIS

Stickley & Kent, a leading north London estate agent, is to be bought by Shield Group, the USM-quoted property developer, for up to £7.48m.

The acquisition marks a considerable expansion for Shield, which yesterday also announced a 68 per cent rise in pre-tax profits to £1.06m (£631,000) for the year to March 31. Its shares lost 5p to 36 p.

Shield is taking the unusual step of putting 25 per cent of the initial £5.75m cash payment into an escrow account until the end of Stickley's financial year.

Although Stickley expects pre-tax profits of £705,000 for the year to June, Shield said yesterday that it did not believe that Stickley's accounting records enabled the estate agent's directors accurately to forecast its results.

Shield plans deferred payments worth up to £1.63m in shares, depending on Stickley's profits to June 1990. Its vendors have entered into three-year service contracts.

Shield has raised the initial cash payment of £5.75m, as well as £2m in new working capital, through the placing of a total of 2.55m new shares at 325p through Capel-Cure Myers.

Existing shareholders will be able to subscribe for all of the shares, although Shield directors have foregone their entitlement and separately sold an additional 1.2m shares from their existing holdings. This will reduce their stake from 80.9 per cent to 50 per cent of the enlarged group.

Shield yesterday completed its first year of dividend payments by announcing a 2p final to make a total of 3p.

About 75 per cent of its profit came from its specialised business of buying land, gaining planning permission and selling it on to developers.

Mr Ashley Rubin, joint chief executive, said that Shield expected pre-tax profits of at least £2.7m in the current year, including Stickley but excluding any income from joint ventures with Heron Corporation and Close Brothers.

Ramco losses increase to £1.64m

By Terry Povey

Bad debt write-downs and the generally depressed state of oil services industry have pushed Aberdeen's Ramco more deeply into the red—pre-tax losses of £1.64m have been reported for 1986, compared with a previous £95,000 loss.

Ramco joined the USM through a 70p a share placing in April 1984—which compares with last night's 28½p close. In its first year as a quoted company, it reported pre-tax profits of £910,000 made on a turnover of £10.1m. In 1985, turnover fell sharply to £7.48m and a small loss was posted.

Last year, turnover recovered to £9.1m but Ramco's directors decided to write-off the £738,000 owed it by John Howard's failed oil rig construction subsidiary Howard Doris.

These write-offs came on top of trading losses of £810,000—of which £203,000 fell in the second half. After tax credits of £393,000, a loss per share of 7.42p (loss of 0.46p) was posted.

Omnitech losses

Omnitech, designer and developer of packaging machines and systems which came to the USM last July, incurred a pre-tax loss of £187,000 in the six months to January 31 reflecting the continued expenditure on the development of the Omnitrac machine.

During the first half of May the company launched at the Interpac 1987 show the complete Omnitrac system which was favourably received. The directors felt that the company was now in a positive position to continue its progress for the remainder of 1987.

The loss per ordinary share for the period was 1.04p (0.7p).

Chesterfield up £1m at £8.4m

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Rising rental income lifted pretax profits at Chesterfield Properties to £8.42m in the year to last December from £7.49m in 1985.

The company, which has a £157m of investment properties, yesterday declared a 1986 final dividend of 8.2p a share, bringing total payments for the year to 13.2p, compared with 12p for 1985.

On the market, the shares moved up in line with a strong performance by the property sector, gaining 10p on the day to 635p. The shares finished at a premium of 40p over their net asset value.

Chesterfield also announced that, with Capital and City Holdings, it is providing a loan facility of £12m to Anfield Properties, in order to help Anfield finance the purchase of United Kingdom House, a £60m office and retail block of 180,000 sq ft on Oxford Street, in London's West End.

The arrangement for the loan stock permits Chesterfield to convert its advance into a 60 per cent interest in Anfield, which was specially set up to acquire United Kingdom House, built by United Kingdom Provident Institution ten years ago.

Rental income at Chesterfield rose last year to £10.5m from £9.3m in 1985, but its property dealing profits were sharply lower at £282,000 after touching an exceptional £4.7m in 1985. This fall was offset to some extent by £2.7m of revenue from Chesterfield's cinema and theatre interests, up from £1.5m in 1985.

The company's office development programme has been virtually fully let including the pre-letting to the Department of Environment of a 180,000 sq ft building near Buckingham Palace. It is now looking for further developments and could shortly announce a project in the City of London.

Unigroup's £5.8m expansion

BY STEVEN BUTLER

Unigroup, which has operations in clothing, timber products, and building materials, yesterday announced the acquisition of two manufacturing companies—in timber products and air curtains—for £5.7m, to be paid by an issue of new Unigroup shares.

The acquisition of Golden Pharos, a Malaysian company that manufacturers and supplies hardwood timber products to the US and the EC countries, was agreed to in February, after Unigroup had acquired a minority 28.8 per cent interest last September.

In order to take advantage of tax concessions for export industries and for companies complying with local labour regulations, Unigroup plans to establish a wholly - owned Malaysian subsidiary, Fairhaven, which will acquire Golden Pharos.

A UK company, Merrimell, owned by the Golden Pharos chairman and managing director, Mr Peter Yeoh, will also be acquired by Unigroup. Merrimell owns the rights to a hardwood timber window system. Mr Yeoh has lent £500,000 to Merrimell for the development of the system, and this debt will be acquired by Unigroup.

The acquisition will be paid for by the allotment of 2.16m new ordinary shares of Unigroup, 909,000 of which are being placed at 110p per share. Unigroup's shares yesterday closed down 2p at 109p. Additional payments of up to £4.25m may be payable depending on Merrimell's profits up to 1991.

Unigroup has also acquired C. W. Brown, a UK company which manufactures and markets air curtains under the name Thermoscreen, for £3.4m cash. Unigroup plans to issue for cash 3.75m convertible preference shares at 7½ per cent, for 100p a share, in order to raise cash for the acquisition.

Thermoscreen is a cash-rich company, the acquisition of which will result in the elimination of nearly all of Unigroup's borrowing, thus clearing the way for further acquisitions.

It is envisioned that Thermoscreen would begin the manufacture of components for Security Shutters, a Unigroup company. Unigroup also plans to use its international marketing resources to boost Thermoscreen exports, currently accounting for 45 per cent of turnover.

CRANBROOK ELECTRONIC Holdings (distributor of electronic components): Turnover £4.34m (£3.04m) and pre-tax profits £65,000 (loss £64,000) for half year to March 31 1987. Earnings 0.6p (losses 0.8p). Company's shares are traded on the USM.

Sunleigh bid for Dale in balance

The fate of Dale Electric was uncertain last night, after the closing of acceptances for Sunleigh's cash bid for the company. Sunleigh said it would have no announcement until Monday morning.

Dale said it presumed shareholders had not accepted the cash offer of 110.5p per share, or else Sunleigh would have notified Dale. Dale's shares fell by 14p to close to 107p.

A paper alternative would in any case remain open for two more weeks, with Sunleigh offering 13 Sunleigh shares for every four Dale shares. Based on yesterday's closing price for Sunleigh, the offer is worth 136.5p per share.

The Dale family believes it can control about 22 per cent of the vote. Sunleigh has bought just under 9 per cent. Menvier-Swain has a 1.4 per cent holding; while Hopkinson Holdings picked up 1.5 per cent amid talk that it might play the white knight. Sunleigh says talk of a white knight has gone nowhere.

The balance of the vote would appear to rest with the major institutional investors —M&G, the Pru, the Pearl and Scottish Amicable.

See Lex

Nolton shares rise as Benlox takes 11% stake

By Mike Smith

Shares in Nolton, the housebuilder and packaging manufacturer, rose 6p to 62p yesterday after Benlox Holdings, another building conglomerate, announced it had acquired an 11 per cent stake in the company.

Mr Andrew Millar, Benlox chairman, was chairman of Nolton until February this year. He already owns 16.5 per cent of its voting shares.

Mr Millar was unavailable for comment yesterday and Mr Anthony Good, Nolton chairman, said he did not know the intentions of Benlox.

Last month Nolton revealed that it had incurred a pre-tax loss of £197,000 in the half year to January 31, compared with a £639,000 profit in the corresponding period of the previous year.

Benlox's latest figures, also announced in April, showed it, too, was in the red. It lost £456,960 pre-tax last year, against profits of £365,784 in 1985.

Normans rises by 35% and is raising £4m for purchase

BY ALICE RAWSTHORN

Normans Group, the discount retailer which has recently been enveloped in bid speculation, yesterday announced a 35 per cent increase in pre-tax profits to £2.32m on turnover which rose by five per cent to £100.23m.

The group also unveiled details of a placing and open offer of shares intended to raise £4m in orded to finance the acquisition of the Joplings chain of department stores, agreed earlier this month, and to fund the refurbishment of the Superwarehouses network.

In the year to March 28, the turnover of Normans' retailing interests rose to £99.37m (£94.99m) and trading profits to £3.08m (£2.42m). The Superwarehouses sported sales growth of two per cent, most of which came from new store openings. The Wallis frozen foods chain, acquired last July, contributed £241,000 for its first nine months with the group.

Normans is now in the throes of refurbishing Superwarehouses in order to counter competition from superstores set up by the national retail multiples. Mr Michael Slocock, chairman, said that it intends to adopt a Californian "warehouse" retailing formula, to augment fresh foods and to build up a new base of convenience shoppers.

Although Norman's Malawi plantations suffered from the weak tea price, its new coffee crop made its first contribution to profit. Turnover from agriculture rose to £861,000 (£767,000) and profits to £249,000 (£199,000).

Earnings per share increased to 4.3p (3.5p) and the board proposes a final dividend of 1.05p making 2p (1.9p).

Mr Slocock said that the group had had no further discussions with Rainbow, the New Zealand investment concern, which holds a 4.9 per cent stake.

● **comment**

Poor Normans barely had time to congratulate itself on the news that Mr Lew Cartier had reduced his holding, before the predatory Rainbow surfaced with an equally ominous stake. But bid speculation at least distracts attention from the distinctly dull state of the business. Superwarehouses suffer from the perennial problems of static sales, a rash of competitive openings and an outdated merchandise profile. The refurbishment programme has at least succeeded in staving off further sales decline, but Normans faces a prickly problem in building up a new customer base. Wallis made a useful contribution, as should Joplings. But projected profits of £4m produce a prospective p/e of 16, on the shares at 79½p, which would not be sustainable without the frisson of Rainbow.

London Sec quadrupled and calls for £5.6m

London Securities, property and investment management group, reported pre-tax profits almost quadrupled to a record £1.6m in the year to the end of March 1987. And it is raising £5.64m net through a placing and open offer to shareholders.

The result was achieved on rents receivable up from £975,000 to £1.01m and sales of investments and properties of £8.67m (£4.68m). After tax of £6,000 (£11,000) earnings per 15p share came out at 4.3p, against 1.1p last time.

The placing is being made to finance the purchase of a 10.53 per cent stake in Estates Property Investment Company. More than 11m shares are being placed with clients of Smith New Court Agency at 54p a share. Existing shareholders will also be offered the shares at the same price on the basis of two-for-seven.

Directors said the past year had seen the accelerated establishment of the company as a soundly-based and profitable group. The strategy in the last two years had been dictated by the lack of resources, the main aim being to restore credibility and create a sound financial base for future expansion.

They added that the acquisition of the EPIC holding was the first stage in the company's long-term plan.

Berkeley Govett

Berkeley Govett & Co, international fund management and corporate finance group, has launched a fund to invest in established US growth companies. The fund, Berkeley Atlantic Income, is based in Jersey and has raised £50m ($80.8m) from UK investors. Its shares will be quoted on the Luxembourg Stock Exchange.

Thermal Scientific $15m purchase

By Philip Coggan

Thermal Scientific, the furnace, plastics and instruments company yesterday announced its 15th and biggest acquisition since it joined the USM in July 1983 and estimated that its annual pre-tax profits would be up by 73 per cent.

The group is paying $15m (£9m) via a vendor placing for Vacuum Industries, a US-based manufacturer of high temperature vacuum furnaces. In the year to September 28, 1986, Vacuum made pre-tax profits of $1.4m on sales of $13.6m but profits in the first half of the current financial year have already approached that figure.

Thermal Scientific estimates that the acquisition will more than double its share of the international vacuum furnace market.

The consideration will be satisfied by $2.73m in cash and a vendor placing of 2.96m shares by L. Messel at 280p per share. The new shares will represent 9 per cent of the enlarged equity.

Thermal has been expanding rapidly in the US and since October has bought Uniplex, Omnitherm, Ebtec and EB Engineering for a total total of around $13m. Around half the group's business is now in North America.

The group's audited results for the year ended March 31 will be announced on June 29 but the group estimates that pre-tax profits increased from £3.18m to £5.52m on turnover higher at £36.72m compared with £20.05m.

Earnings per share are expected to increase to 14.4p from 11.1p.

In the absence of unforeseen circumstances, the directors intend to pay a final dividend of 2.25p per share (1.75p) making a total of 3.25p (2.5p).

Thermal intends to move from from the USM to a full listing "as soon as practicable and appropriate."

M & G Group

Due to a typographical error, a sentence in yesterday's comment on M & G was rendered incomprehensible. It should have read: "But M & G could claim more immunity than most — the bulk of its funds are in unit trusts, where investors are traditionally more loyal and only 30 per cent of its funds are invested abroad which gives it some protection against Labour plans for repatriation."

Chelsea Artisans to join the Third Market

BY ALICE RAWSTHORN

THE Third Market has gained a new recruit in Chelsea Artisans, which assembles and markets mirrored panelling materials for architects, interior designers and building contractors.

Chelsea Artisans will go public through a placing of shares which will value its business at £2.11m. The company has decided to join the third tier in order to raise capital to accelerate its expansion programme.

The company was formed in 1975, but became involved with the assembly of its core product, Diamond Mirror, in 1980. Diamond Mirror has a wide range of architectural applications and is a patented product of the company. Chelsea Artisans is now developing ways to broaden its usage.

For four successive years the company has increased both turnover and pre-tax profits. In 1986 it made profits of £80,000 on turnover of £1.24m and in its prospectus it forecasts profits of £195,000 for the current year.

In the placing, through Hichens, Harrison, Chelsea Artisans will issue 500,000 shares, or 26 per cent of its equity, at 110p a share. This produces prospective earnings per share of 7.4p and a p/e of 15, on the profits forecast for 1987.

All the proceeds of the placing—£550,000 before expenses —will be ploughed into the company to invest in broadening the base of its business.

Ace Belmont up 57% to £0.9m in first half

Ace Belmont International, North Humberside-based caravan maker, lifted pre-tax profits by 57 per cent in the six months ended February 1987. On turnover up by 15 per cent from £19.09m to £21.92m, the pre-tax result came out £345,000 ahead at £955,000.

The directors said that despite difficult market conditions generally the opening months of the second half had begun well and their expectations remained high. For the 1985-86 year, pre-tax profits jumped from £56,000 to £1.29m.

A programme of product development was under way, with the first models being enthusiastically welcomed by the caravan and motor home market, they said. New launches in the second half were expected to continue that trend.

The group's interests in property, caravan retailing, engineering, plastics, laminating and data processing had all made significant progress in development, they added.

From a trading profit of £968,000 (£623,000), interest charges took an unchanged £13,00. After tax of £340,000 (nil), retained profits rose slightly from £506,000 to £511,000.

ANNUAL MEETINGS

Burmah Oil opens year in robust fashion

Burmah Oil's annual meeting was told by chairman Mr John Maltby that 1987 had opened in a robust fashion. He said the high margins achieved in 1986 were holding up well, and with world economic growth continuing, the company had every confidence of again turning in strong results.

Mr Maltby said the company would concentrate on business areas where it had already established credentials. The focus would be on expansion and growth of marketing activities.

Highlights of other annual meetings included:

Laporte Industries—The company had started 1987 from a good platform, and the general level of trading in the first few months of the current year had been satisfactory, the chairman said.

Programmes of expansion via capital investments and acquisitions was being actively pursued against a background of a strong balance sheet and sound cash flow from operations. The year was expected to be one of further progress.

Queens Moat Houses—The favourable conditions experienced last year had continued into 1987, Mr John Bairstow, the chairman said. Management accounts for the first four months showed a worthwhile advance on last time, and were ahead of 1987 budget. He said: "The indications are that we are in for a record year."

French Connection Group—The overall result for the first quarter compared very well with that of last year, the chairman said. The company had made a good start and he looked forward to reporting improved results this year.

Watts, Blake, Bearne—The chairman said that trading in both the UK and West Germany in the first four months of 1987 had been encouraging. In the meantime, the company had completed a review of expectations for the year and the outcome was to strengthen its belief that it would be another successful year.

London and Edinburgh Trust—Mr John Beckwith, the chairman, said the company has now represented in America, France, Germany and The Netherlands, and very soon hoped to announce the opening of an office to service the Pacific Basin, to be administered from Hong Kong. The new year had started strongly with increased letting and site acquisition activity. The board looked forward to another year of record profits.

Kennedy up 43% and calls for £3.2m

Kennedy Smale, textile machinery, glove manufacturer and property investment, produced a 43 per cent increase from £735,000 to £1.05m in pre-tax profits for the year ended March 31 1987. In addition the company has proposed a rights issue to raise £3.25m net, the disposal of two subsidiary companies and an executive share option scheme.

The rights issue, the proceeds of which will primarily be used to refinance the acquisition of Glen Gordon announced in March, involves the issue of up to 3m new ordinary at 170p each on the basis of one for three held on June 8 1987. McLeod Russel, which holds 29.98 per cent of the existing Kennedy ordinary, is to take up its entitlements. The balance of the issue has been underwritten by County and brokers are County Securities.

The company has agreed to sell Edward Jones (Springs) and Morris Electrical Engineering to Mr A. M. Johnstone, a former director, for £75,000. Shareholders' approval for the sale would be sought at the extraordinary general meeting. On completion, Mr J. A. Saunders would also resign from the Kennedy board to devote his time to those two companies.

Shareholders approval would also be sought for the introduction of an executive share option scheme under which the directors would be in a position to grant options in respect of up to 5 per cent of the current authorised share capital or, if lower, 5 per cent of the issued ordinary share capital as enlarged by the issue and from time to time.

Reviewing trading during the past year Mr N. Openshaw, chairman, said that Kennedy Wagstaff, the textile machinery distributor, had an exceptionally good year with turnover up from £5.87m to £9.55m and pre-tax profits of £803,000 compared with £560,000 for the previous year. Profits, however, were expected to return to a more normal level in the current year.

Harrott, the knitted glove manufacturer, achieved turnover of £2.49m (£2.12m) and profits of £592,000 compared with £433,000. The chairman said that this was a good result and it was hoped to maintain progress in the current year.

The board was carrying out a review of the property investments. It was their intention to realise the investment properties in England as and when they are fully let and reasonable offers are forthcoming.

The policy of the board was to develop a UK industrial group over the next few years by way of organic growth and acquisition. The rights issue was the first step in this direction followed by the sale of the property interests.

Total turnover last year rose from £8.33m to £12.3m while the cost of sales was up from £6.94m to £10.65m. Distribution costs were £113,000 (£92,000) and administration expenses were £123,000 (£129,000) leaving trading profits of £1.42m (£1.17m). Net interest chargeable was £366,000 (£437,000) and tax took £412,000 (£110,000); there was an extraordinary debit of £77,000 (£59,000 credit) leaving attributable profits of £564,000 (£684,000).

Earnings per 10p shares increased from 10.1p to 10.3p and the dividend is raised from 2p to 4.5p with a recommended final of 2.5p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
A. & P. Appledore int.	2†	Aug 21	2	—	6
Albion ....int.	0.8	July 22	0.8	—	1.8
Chamberlin & Hill ...	2.6	—	2.1	4	3.5
Chesterfield Props. ...	8.2	—	7.5	13.2	12
FIH	5.9†	—	5.15	9	7.9
Gaynor ....int.	1‡	July 20	—	—	—
Kennedy Smale	2.5	Aug 22	2	4.5	2
Normans Group	1.05	Oct 1	1	2	1.9
Scot Inv Tst ....int.	2.6	—	2.3	—	6.55
Shield Group	2	—	—	3	—
Thermal Scientific ...	2.25	—	1.17	3.25	2.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§180	F.P.	15/5	228	189	Airtours10p	228	......	R5.4	2.5	3.2	16.6
§77	F.P.	—	103	90	Barrett (Henry) 10p	103	+4	R2.81	2.2	3.7	16.3
§115	F.P.	20/5	165	128	Beliwtch 10p	147	......	R3.2	3.7	2.9	13.2
§77	F.P.	30/6	107	96	‡BondedLaminates10p	107	......	L2.4	2.4	3.1	18.7
§115	F.P.	8/5	172	133	Brooks Service Group	165	−5	L3.8	2.2	3.1	18.0
§80	F.P.	8/5	260	150	‡Burford Group	255	+5	u1.2	3.2	0.64	65.7
‡‡	F.P.	—	440	400	Calor Group 50p	425	......	t12.0	2.6	3.9	13.5
130	F.P.	8/5	135	128	Cambridge Instrs. 5p	130	+2	R0.7	8.8	0.7	14.8
§55	F.P.	12/6	98	68	‡Cambridge Isotope	80	−3	R20.9	—	0.69	—
§200	F.P.	11/5	242	211	‡Castle Comms. 5p	240	......	R7.0	2.2	4.0	15.3
§185	F.P.	6/7	242	210	Chemoxy Intl.	237	−3	L4.9	2.7	2.8	16.7
—	F.P.	—	15	10	ChildHealthRes.Wrts	13	......	—	—	—	—
115	F.P.	8/5	140	114	Church (Charles) 5p	124	......	R2.75	3.10	2.9	14.8
§125	F.P.	—	185	145	‡Colorgraphic 10p	177	......	L3.0	2.8	2.3	20.6
§230	F.P.	—	296	278	Computer People 5p	290	−1	u3.6	3.2	1.7	25.4
‡‡	F.P.	—	310	280	Contibel 50p	282	+2	t8.0	1.6	3.9	21.3
§130	F.P.	22/5	158	145	Cooper (Alan) 10p	158	......	M4.0	2.5	3.5	15.9
§135	F.P.	29/5	180	138	Desflex 10p	180	......	L3.45	2.50	2.6	20.8
‡‡	F.P.	—	128	81	ERA Group 5p	120	......	W	—	—	60.0
§155	F.P.	15/5	237	170	‡Epwin Group 10p	231	......	L4.0	2.6	2.3	22.6
§120	F.P.	29/5	181	160	‡Filofax 5p	180	......	u2.7	2.8	2.0	24.1
§76	F.P.	19/6	99	76	‡GC Floor & Furn's	86	......	L1.95	2.8	3.15	15.8
§120	F.P.	29/5	127	120	‡March Group 5p	121	......	L4.2	2.4	4.6	11.9
§106	F.P.	—	120	113	‡Orchid Technology‖	117	......	RQ2.57c	5.2	1.4	13.6
—	F.P.	—	80	80	OriflameIntWarrants‖	80	......	—	—	—	—
125	F.P.	—	190	180	Pickwick	188	......	R2.5	3.1	1.8	24.3
§88	F.P.	—	95	88	Practical Invs.	94	......				
§55	F.P.	3/6	90	64	‡RKF Group 10p	90	+3	u2.19	2.4	3.3	15.6
§140	F.P.	1/5	195	163	‡RelianceSecGroup5p	195	......	b4.5	2.5	3.2	17.5
170	85	23/9	154	128½	Rolls-Royce 20p	134	−3	W4.99	2.7	3.1	13.3
§135	F.P.	—	238	163	‡Select Appts. 5p	235	+1	L2.5	2.8	1.4	33.7
§125	F.P.	19/6	170	155	‡Sharp & Law 10p	165	+1	u3.0	2.4	2.5	22.6
§92	F.P.	—	100	96	‡Storalplan 5p	100	+2	u1.6	3.6	2.2	17.5
125	F.P.	15/7	260	224	‡Sock Shop Intl.5p	245	−2	R1.35	3.8	7.5	47.4
§125	F.P.	2/6	165	158	‡UCL Group 5p	158	......	u2.5	2.8	2.2	22.3
§140	F.P.	15/5	215	171	Waterglade Intl. 5p	215	......	R3.25	3.5	2.0	17.7
§120	F.P.	29/4	305	145	‡WyevaleGdn.Cen.50p	300	......	u2.63	2.8	1.2	40.7
§133	F.P.	22/5	148	136	YRM 10p	145	......	R4.41	3.5	2.2	17.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
§100	F.P.	—	121p	111p	Barham Grp. Cnv. Red. Prf. 10p	121p	+1
#95.982	£25	—	26½	25¼	Cap & Counties 9⅞% 1st Mt. Db 2027	26½	+½
¶¶	F.P.	—	125	113	‡Ecobric 12¼% Cm. Uns. Ln. 1989/90	122	+2
—	F.P.	29/5	111¼	109	Ests.&GenInv.new11¼%1stMt.Deb2018	111¼	......
—	F.P.	—	102½p	96½p	Friendly Hotels 4¾% Cnv Cum Red Prf £1	101½p	+½
—	£25	28/8	26½	23⅞	Gt. Portland Ests. 9½% 1st Mt. Db 2016	23⅞	......
—	F.P.	—	101	99⅞	Nationwide 8⅞pc 23.5.88	100	......
—	£25	11/11	25½	23	North Housing Assoc. 8¾% Gtd.ln.2037	23¼	+¼
—	F.P.	—	293p	240p	Do. Zero Cpn. Ln. 2019	274p	−9
#95.221	£25	2/10	26	23½	Peachey Property 9⅞% 1st Mt.Deb.2015	24¼	+⅛
§100	F.P.	—	114p	109p	Peel Hldgs. 5¼pc Cnv. N/V Prf. £1	112p	−1
—	£40	12/8	39⅞	38⅞	Do. 9⅞pc 1st Mt. Deb. 2011	38⅞	−¼
‡	F.P.	31/7	146	128	Priest Marians8½pc.Cnv.Uns.Ln.2000/03	128	......
#98.221	£25	9/10	26¼	24⅞	Scot. Eastern Inv.Tst. 9¾% Deb 2020	25½	......
#98.105	F.P.	—	99½	99¼	Tr Ind & Gen Tst. 10% Deb 2016	99½	......
—	F.P.	—	117	115	Wickes 5½% Sub. Cnv. Un. Ln.	116	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
240	Nil	30/6	34pm	22pm	Assoc. Book Publishers 20p	33pm	......
43	Nil	10/7	15pm	11pm	Blackwood Hodge	13pm	−1
¶¶	Nil	—	625pm	525pm	Braithwaite £1	525pm	......
625cts	Nil	—	130pm	110pm	Cons Murchison	130pm	......
180	Nil	26/6	23pm	14pm	Crowther (John)	17pm	−½
154	Nil	3/7	22½pm	11pm	Fisher (A.) 5p	11½pm	+¼
17	Nil	23/6	13pm	10pm	Gold & Base Metal12½p	12pm	......
‡	Nil	29/5	68pm	45pm	Inv. in Success Wrrts.	63pm	+1
265	Nil	—	90pm	84pm	Kennedy Brookes 10p	90pm	+6
110	Nil	9/6	19pm	15pm	Phoenix Timber	17pm	+2
215	Nil	1/7	22½pm	18pm	Scottish Heritable Tst.	21½pm	+½
105	Nil	—	42pm	29pm	Tyzack (W.A.) 10p	37pm	+3

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‡‡ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price.

APPOINTMENTS

NatWest senior posts

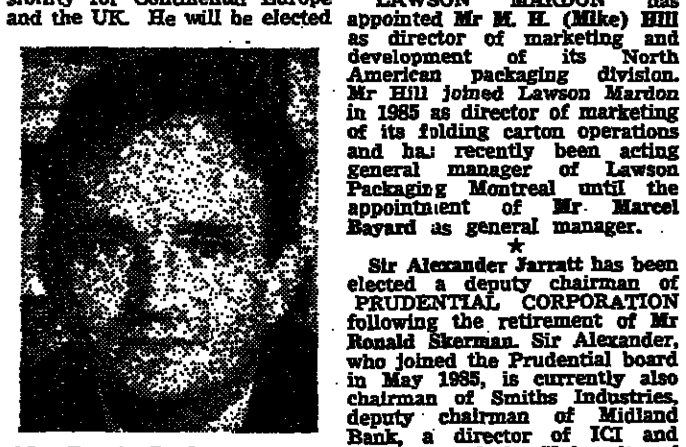
Mr Ron R. Beanie has been appointed a director of NATIONAL WESTMINSTER BANK'S City and West End regional board from June 1. He retires as general manager of NatWest's international banking division on May 31 and is succeeded by Mr John Melbourn, the present deputy general manager.

★

The BUCKINGHAMSHIRE BUILDING SOCIETY has appointed its first woman board director. Ms Claire Watson, a solicitor, at the age of 27 is believed to be one of the youngest building society directors in the country. Her appointment follows the death in March of her father Mr David Watson. She is the fourth generation of Watsons to sit on the Buckinghamshire Building Society Board.

★

Mr David C. Roche has joined MORGAN STANLEY as its London-based international investment strategist with responsibility for Continental Europe and the UK. He will be elected



Mr David Roche, international investment strategist with Morgan Stanley, London

an executive director of Morgan Stanley International. Mr Roche joins Morgan Stanley's team of investment strategists based in New York and Tokyo. He previously served in the international department of J. P. Morgan Investment Management Inc in London where he headed the client services and marketing group and was responsible for chairing the international asset allocation and strategy group.

★

Mr Derek Birchall, chairman of the British Productivity Council, has joined MANRO MANAGEMENT CONSULTANTS as information technology director.

★

Mr Edward F. Bowlby has been appointed to the board of EF HUTTON & COMPANY (LONDON). He is head of the international investment banking division. Mr Peter J. Mann has also been appointed a director. He was an executive director of S. G. Warburg & Co. EF Hutton & Company (London) is a subsidiary of the EF Hutton Group, one of the largest US investment banking and brokerage companies.

★

Mr L. B. McCormick has been appointed a director of the CHAUCER GROUP, of which the main operating company is CHAUCER ESTATES.

★

Following expansion of its activities in the US, THERMAL SCIENTIFIC has reorganised its management structure. Mr Hugh R. Sykes becomes executive chairman and joint group managing director. Mr R. F. Huddie (previously managing director UK thermal operations) becomes joint group managing director, taking responsibility for all US operations. Mr R. Pickard (previously managing director, Polymer and instruments division) becomes responsible for all UK operations.

★

LAWSON MARDON has appointed Mr M. H. (Mike) Hill as director of marketing and development of its North American packaging division. Mr Hill joined Lawson Mardon in 1985 as director of marketing of its folding carton operations and has recently been acting general manager of Lawson Packaging Montreal until the appointment of Mr Marcel Bayard as general manager.

★

Sir Alexander Jarratt has been elected a deputy chairman of PRUDENTIAL CORPORATION following the retirement of Mr Ronald Skerman. Sir Alexander, who joined the Prudential board in May 1985, is currently also chairman of Smiths Industries, deputy chairman of Midland Bank, a director of ICI and chancellor of the University of Birmingham. Lord Hunt of Tanworth has been re-elected chairman of Prudential Corporation and Mr Peter Moody as joint deputy chairman.

★

Mr Colin O'Brien has been elected president of the BRITISH TEXTILE EMPLOYERS ASSOCIATION and in March became president elect of the Society of Dyers and Colourists. He is chief executive of the specialist fabrics textiles division of Whitecroft.

★

Coventry-based WARD ACHITECTURAL SYSTEMS—which specialises in curtain walling and facades—has appointed Mr Mark Sayers as sales director. He was commercial manager.

★

Mr Lee Cummins has been appointed chief executive of INITIAL TEXTILE SERVICES GROUP, replacing main board director Mr Alan Toms, who becomes executive deputy chairman. The group comprises Initial Services, Advance Services and Laundrycraft Linen Hire. Mr Cummins joined Advance Services in 1940. He was appointed chief executive of Advance in 1985 and deputy chief executive of Intial Textile Services in 1986.

★

Mr Mark Searle will be leaving the Richards Longstaff Group, where he was managing director of the unit trust portfolio management service, to join the THORNTON GROUP board.

★

SIEBE has appointed Mr Hugh Lang as a non-executive director. He is chairman of P-E International.

★

The pub chain, J. & W. Nicholson & Co, has appointed Mr Michael Edwards to the board. He was general manager, and was previously with Chef & Brewer and Gilbey Vintners.

★

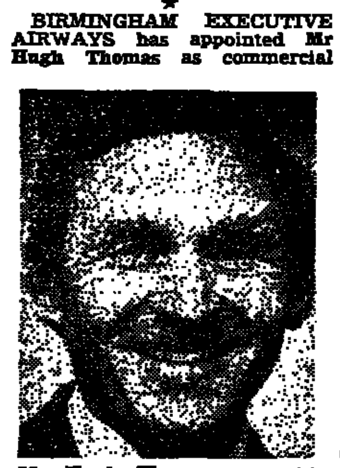
Mr David Kearns has been appointed sales director of GOLDEN WONDER. He joins from Del Monte Foods where he was general sales manager for the UK and Eire.

★

ALEXANDER STENHOUSE UK has appointed branch and local directors following a restructuring: Mr John J. Nicholson, Glasgow; Mr Mike Blott, Edinburgh; Mr Jeff Hessey, Leeds; Mr Peter Langford, Newcastle, and Mr Trevor Forsythe, Southampton, become branch directors. Appointed local directors are: Mr John D. Lindsay, northern division (development); Mr David Martin, Birmingham; Mr Philip Taylor, Cardiff; and Mr Christopher W. Goodchild, Reading.

★

BIRMINGHAM EXECUTIVE AIRWAYS has appointed Mr Hugh Thomas as commercial



Mr Hugh Thomas, commercial and marketing director, Birmingham Executive Airways

and marketing director. He was head of marketing with Kennedy Brothers, and managing director of Galleons World Travel and Travel Lloyd.

ECONOMIC DIARY

TOMORROW: EC Agriculture Ministers informal meeting in Brussels to take long term view of the prospects for European agriculture (until June 2). National Communications Union annual conference, Blackpool (until June 3).

MONDAY: CBI monthly trends enquiry for May. London sterling certificates of deposit (May). UK banks' assets and liabilities and the money stock (May). EC nations meet on radioactive pollution in the Irish Sea, Cardiff (until June 3). Third international conference on AIDS, Washington (until June 5). Airline officials from nine countries meet for two days in Geneva to discuss problem of Third World travellers seeking asylum in Western Europe. EC Industry Ministers meet in Luxembourg to discuss steel problems following the imposition of new quotas.

TUESDAY: Capital issues and redemptions for May and aggregates for March. UK official reserves for May. Non-aligned Mediterranean Foreign Ministers conference, Brioni, Yugoslavia. EC Energy Ministers meet in Luxembourg to discuss energy efficiency, natural gas, and the problems of the oil refining industry. EC Budget Ministers meet in Luxembourg to examine the provisional draft rectifying and supplementary budget for this year. Hanson Trust interim. Prince Hassan bin Talal, Crown Prince of Jordan, speaks on his country's Five Year Development Plan at CBI conference, Centre Point, WC1.

WEDNESDAY: Overseas travel and tourism figures for March. Advance energy statistics for April. Annual convention of foreign exchange dealers in Tokyo (until June 6). President Reagan arrives in Venice for next week's Group of Seven summit. International Labour Organisation annual conference, Geneva (until June 24). Body Shop International interim.

THURSDAY: UK balance of payments for first quarter. Spring survey of the investment intentions of the manufacturing and service industries. Detailed analysis of employment, unemployment, earnings, prices and other indicators. Leyland Bus statement on new deal with an international company. Pakistan's Federal budget presented to Parliament. Hill Samuel Group finals. Phoenix Timber Group finals. The Institute of Economic Affairs conference on the costs of regulation, St Ermins Hotel, SW1.

FRIDAY: Housing starts and completions in April. Finished steel production and stock changes (first quarter — provisional). House renovations (first quarter). Nalgo annual conference opens, Blackpool (until June 12). Prince of Wales addresses annual conference of Business in the Community.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Friday May 29 1987 — Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs May 28 Index No.	Wed May 27 Index No.	Tues May 26 Index No.	Year ago (approx.) Index No.	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (211)	917.42	+1.5	7.43	2.90	16.98	9.07	904.11	908.31	902.17	725.54	928.13	19/5	696.73	2/1	928.13	19/5/87	50.71	13/12/74
2	Building Materials (27)	1177.67	+1.9	7.12	2.86	17.51	9.58	1155.90	1148.60	1145.64	806.06	1178.27	19/5	860.39	5/1	1178.27	19/5/87	44.27	11/12/74
3	Contracting, Construction (30)	1542.67	+1.2	7.82	3.10	17.13	18.65	1523.88	1515.02	1519.66	1189.71	1549.76	19/5	1185.88	2/1	1549.76	19/5/87	71.48	2/12/74
4	Electricals (13)	2342.47	+0.1	5.70	3.35	23.55	31.62	2339.70	2326.20	2340.12	1924.07	2370.85	19/5	1772.22	2/1	2370.85	19/5/87	84.71	25/6/62
5	Electronics (36)	2068.71	+1.2	7.46	2.15	17.42	12.00	2044.46	2053.57	2050.04	1671.38	2134.95	18/5	1543.77	2/1	2134.95	18/5/87	1229.81	8/10/85
6	Mechanical Engineering (59)	498.83	+0.6	8.33	3.47	15.35	7.83	495.90	494.65	496.58	411.37	510.74	19/5	393.85	2/1	510.74	19/5/87	45.43	5/1/75
8	Metals and Metal Forming (7)	504.47	+1.1	7.36	3.01	16.36	5.36	499.22	494.44	493.03	350.46	505.11	19/5	355.97	2/1	505.11	19/5/87	49.65	6/1/75
9	Motors (15)	338.77	+1.1	8.94	3.15	12.89	3.24	335.10	333.85	333.05	293.53	340.30	15/5	272.03	2/1	340.30	15/5/87	19.91	6/1/75
10	Other Industrial Materials (21)	1531.55	+2.9	6.44	3.22	18.77	18.43	1488.78	1480.26	1486.85	1311.21	1531.55	29/5	1179.19	2/1	1531.55	29/5/87	277.55	15/1/81
21	CONSUMER GROUP (185)	1274.79	+1.8	6.12	2.58	21.02	8.29	1252.23	1245.99	1250.48	899.26	1276.54	19/5	950.87	2/1	1276.54	19/5/87	61.41	13/12/74
22	Brewers and Distillers (22)	1191.33	+2.1	7.94	2.97	15.95	5.09	1166.97	1157.59	1161.42	917.43	1192.71	19/5	938.04	2/1	1192.71	19/5/87	69.47	13/12/74
25	Food Manufacturing (25)	972.51	+1.5	7.03	3.09	18.59	10.90	957.79	946.41	948.14	658.58	974.73	19/5	738.32	2/1	974.73	19/5/87	59.67	11/12/74
26	Food Retailing (15)	2378.55	+2.0	5.60	2.42	24.41	11.45	2332.43	2302.22	2303.38	1619.47	2398.82	15/5	1881.08	2/1	2398.82	15/5/87	54.25	11/12/74
27	Health and Household Goods (10)	2418.09	+2.0	4.07	1.61	28.80	8.73	2371.31	2382.62	2397.19	1517.74	2484.02	25/2	1645.70	2/1	2484.02	25/2/87	175.38	28/5/80
29	Leisure (31)	1326.68	+1.4	5.81	3.20	22.65	14.64	1308.70	1296.51	1300.63	873.84	1326.68	29/5	986.35	2/1	1326.68	29/5/87	54.83	9/1/75
31	Packaging & Paper (15)	655.87	+0.7	5.99	2.52	21.74	4.97	651.10	645.65	646.67	455.62	662.63	19/5	491.50	2/1	662.63	19/5/87	43.46	6/1/75
32	Publishing & Printing (14)	3661.51	−0.3	6.21	3.09	20.96	33.22	3674.02	3666.86	3683.71	2369.02	3762.88	13/5	2713.49	2/1	3762.88	13/5/87	55.08	6/1/75
34	Stores (37)	1103.40	+2.5	6.24	2.58	21.71	6.56	1076.83	1074.58	1081.76	875.74	1127.00	19/5	835.17	2/1	1127.00	19/5/87	52.63	6/1/75
35	Textiles (16)	766.85	+1.2	7.97	2.91	14.56	5.63	758.08	755.10	749.25	537.04	766.85	29/5	541.39	2/1	766.85	29/5/87	62.66	11/12/74
40	OTHER GROUPS (87)	1089.09	+2.1	7.50	3.08	16.80	8.19	1066.87	1057.19	1053.34	791.15	1089.09	29/5	815.89	5/1	1089.09	29/5/87	58.63	6/1/75
41	Agencies (17)	1500.94	+0.6	4.68	1.69	28.21	8.06	1492.63	1487.11	1479.70	0.0	1500.94	29/5	1111.16	2/1	1500.94	29/5/87	1111.16	2/1/87
42	Chemicals (21)	1319.45	+1.7	7.40	3.31	16.57	18.71	1296.92	1303.07	1298.31	874.17	1325.88	11/5	1002.81	2/1	1325.88	11/5/87	71.20	1/12/74
43	Conglomerates (11)	1365.04	+1.8	6.48	3.12	18.21	7.75	1340.31	1338.46	1335.94	0.0	1365.04	29/5	1112.14	2/1	1365.04	29/5/87	1112.14	2/1/87
45	Shipping and Transport (11)	2191.82	+1.5	7.16	3.63	17.50	23.04	2159.27	2148.32	2152.43	1536.82	2196.26	19/5	1567.77	2/1	2196.26	19/5/87	90.80	29/6/62
47	Telephone Networks (2)	1196.03	+3.9	7.82	3.13	17.44	1.09	1151.67	1126.79	1119.98	898.07	1196.03	29/5	837.15	5/1	1196.03	29/5/87	517.92	30/11/84
48	Miscellaneous (25)	1438.30	+0.7	9.15	3.05	13.09	17.56	1427.75	1408.10	1403.79	1035.85	1438.30	29/5	1101.37	5/1	1438.30	29/5/87	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	1145.08	+1.8	6.82	2.89	18.63	8.72	1124.87	1118.22	1119.61	837.75	1146.88	19/5	860.46	2/1	1146.88	19/5/87	59.01	13/12/74
51	Oil & Gas (17)	2104.55	+2.5	5.19	4.39	24.93	37.06	2052.93	2045.77	2058.70	1200.10	2118.84	14/5	1505.69	5/1	2118.84	14/5/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1226.42	+1.9	6.58	3.04	19.36	11.20	1203.52	1196.84	1199.22	869.99	1227.66	19/5	915.61	2/1	1227.66	19/5/87	63.49	13/12/74
61	FINANCIAL GROUP (117)	746.21	+1.2	—	3.93	—	11.06	737.64	738.56	744.41	587.15	765.75	19/5	615.75	2/1	765.75	19/5/87	55.88	13/12/74
62	Banks (8)	781.57	+1.5	17.86	4.80	7.41	15.49	770.38	776.01	782.40	624.64	827.53	19/5	685.07	14/4	827.53	19/5/87	62.44	12/12/74
65	Insurance (Life) (9)	1009.37	+1.2	—	4.17	—	20.71	997.02	1000.10	1013.49	803.15	1041.17	19/5	869.23	2/1	1041.17	19/5/87	44.88	2/1/75
66	Insurance (Composite) (7)	554.70	+0.4	—	4.41	—	11.76	552.32	549.62	553.48	481.23	571.05	2/3	456.52	2/1	571.05	2/3/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1211.85	+0.9	8.92	4.45	14.41	22.64	1200.57	1196.32	1196.69	1153.54	1238.84	13/5	1089.71	14/4	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	386.42	−0.2	—	3.27	—	2.91	387.38	388.11	389.46	344.81	395.75	19/5	345.85	2/1	395.75	19/5/87	31.21	7/1/75
69	Property (46)	1147.80	+2.0	4.81	2.56	32.15	4.36	1125.06	1119.93	1130.70	762.52	1148.99	19/5	805.82	5/1	1148.99	19/5/87	56.01	20/4/65
70	Other Financial (27)	482.71	+0.5	6.84	3.24	18.61	3.23	480.14	482.10	483.80	343.61	483.80	26/5	365.01	2/1	483.80	26/5/87	33.29	17/12/74
71	Investment Trusts (94)	1011.93	+1.5	—	2.37	—	6.68	997.01	995.51	992.31	746.56	1011.93	29/5	867.57	2/1	1011.93	29/5/87	71.12	13/12/74
81	Mining Finance (2)	504.67	+0.7	6.06	3.29	19.41	6.79	500.97	495.21	517.07	283.94	558.62	20/5	341.86	2/1	558.62	20/5/87	66.31	30/9/74
91	Overseas Traders (11)	1075.28	+2.1	8.26	4.31	14.52	14.27	1053.49	1021.80	1034.27	684.22	1075.28	29/5	778.26	2/1	1075.28	29/5/87	97.37	6/1/75
99	ALL-SHARE INDEX (724)	1097.29	+1.8	—	3.16	—	18.93	1078.27	1073.25	1076.79	788.92	1103.10	19/5	835.48	2/1	1103.10	19/5/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	May 28	May 27	May 26	May 22	May 21	Year ago	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX §	2203.0	+45.6	2206.3	2177.5	2157.4	2145.7	2153.4	2167.5	2153.7	1602.8	2214.3	19/5	1674.5	2/1	2214.3	19/5/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 29	Day's change %	Thurs May 28	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	125.82	+0.29	124.65	—	4.44
2	5-15 years	146.67	+0.66	145.71	—	5.03
3	Over 15 years	157.26	+0.72	156.13	—	5.16
4	Irredeemables	169.95	+0.68	168.79	—	6.07
5	All stocks	142.36	+0.57	141.56	—	4.98
	Index-Linked					
6	5 years	123.83	−0.01	123.04	—	0.83
7	Over 5 years	119.27	+0.23	119.00	—	1.17
8	All stocks	119.39	+0.21	119.14	—	1.13
9	Debentures & Loans	124.53	+0.34	124.10	—	3.79
10	Preference	89.18	+0.14	89.05	—	2.77

	AVERAGE GROSS REDEMPTION YIELDS	Fri May 29	Thurs May 28	Year ago (approx.)	1987 Highs		1987 Lows	
	British Government							
1	Low 5 years	7.77	7.84	7.55	9.78	2/1	7.52	11/5
2	Coupons 15 years	8.65	8.73	8.84	10.08	2/1	8.53	8/5
3	25 years	8.66	8.74	8.86	10.08	2/1	8.55	8/5
4	Medium 5 years	8.69	8.81	8.95	10.80	2/1	8.39	8/5
5	Coupons 15 years	8.87	8.96	9.20	10.39	2/1	8.74	8/5
6	25 years	8.88	8.96	9.21	10.18	2/1	8.75	8/5
7	High 5 years	8.88	9.00	9.06	10.84	2/1	8.58	8/5
8	Coupons 15 years	9.01	9.09	9.33	10.57	2/1	8.86	8/5
9	25 years	8.84	8.90	9.26	10.24	2/1	8.72	8/5
10	Irredeemables †	8.78	8.84	8.74	10.06	2/1	8.67	8/5
	Index-Linked							
11	Inflat'n rate 5% 5 yrs	2.25	2.23	3.79	3.95	2/1	2.03	20/5
12	Inflat'n rate 5% Over 5 yrs	3.57	3.58	3.32	3.87	2/1	3.30	6/4
13	Inflat'n rate 10% 5 yrs	1.81	1.78	2.63	2.57	16/4	0.85	24/3
14	Inflat'n rate 10% Over 5 yrs	3.48	3.49	3.17	3.71	2/1	3.17	27/3
15	Debs & Loans 5 years	9.71	9.70	10.09	11.46	2/1	9.50	23/3
16	15 years	10.14	10.19	10.07	11.30	2/1	9.79	23/3
17	25 years	10.19	10.25	10.05	11.30	2/1	9.84	23/3
18	Preference †	10.15	10.16	10.73	11.83	2/1	10.15	29/5

§ Opening index 2177.5; 10 am 2183.9; 11 am 2193.0; Noon 2191.8; 1 pm 2193.5; 2 pm 2196.9; 3 pm 2202.7; 3.30 pm 2201.7; 4 pm 2205.7.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 32p.

CONSTITUENT CHANGES: Hillards (26) has been deleted and replaced by European Home Products (34). NAME CHANGE: Anglo American Securities Corporation has become Anglo & Overseas Investment Trust (71).

Japan's steel groups slide into red

BY PETER BRUCE IN TOKYO

JAPAN'S FIVE big steelmakers yesterday announced dramatic losses, some for the first time since the Second World War, for the 1986 fiscal year, blaming the strong yen and warning that this year might not be much better.

Nippon Steel, the country's biggest producer, recorded its first operating loss along with Nippon Kokan (NKK) and Sumitomo Metal Industries. All the companies complained of weak domestic steel prices and poor demand from traditional customers whose exports had been damaged by the strong yen. Specifically:

● Nippon Steel suffered a Y12.6bn ($87.87m) pre-tax loss in the year ended March after the previous year's profit of Y36bn. With steel prices down an average 12 per cent, turnover fell nearly 19 per cent to Y2,178bn.

Along with all the other producers, Nippon is cutting its dividend from Y5 to Y3. Sales this year would shrink further, the company said, and it would continue to make a loss.

● NKK said it had lost Y7.8bn pre-tax after profits the year before of Y15.4bn. Like Nippon Steel, it had sold stocks and other paper to help reduce the losses. "Actual" pre-tax losses were Y111.2bn. Sales fell 15 per cent to Y1,091bn.

● Kawasaki Steel reported a Y7.3bn pre-tax loss. It, too, had made money from the sale of securities worth about Y40bn. Turnover fell 19.9 per cent to Y927.8bn. The company's crude steel output slipped below 10m tonnes for the first time in 18 years and it said it hoped to keep a fall in turnover expected this year to around 10 per cent.

● Sumitomo Metal, the country's premier producer of tubular steels, said it lost Y13.7bn pre-tax after profits of Y17.1bn the year before. Sales fell 18.5 per cent to Y902.7bn.

Sumitomo said sales of seamless steel tubes, used chiefly in the energy sector, were particularly poor. The company made Y44.8bn selling securities and predicted the industry's slump would continue this year if the US dollar remained at around Y140.

● Kobe Steel, the smallest steelmaker of the group, reported the biggest loss—Y14bn before tax—after a Y15.3bn pre-tax profit in fiscal 1985. Saying that its performance was not likely to improve this year, it blamed much of the loss on its machinery division and added that it had sold securities worth Y14bn. Over all, sales fell 15 per cent to Y988.8bn.

The Japanese motor industry ordered nearly 10 per cent less steel last year, with orders from the struggling shipbuilding industry falling 36 per cent. Overall, however, analysts believe the substantial property assets owned by the big companies could be used, in the last resort, to help them restructure successfully.

Strong yen also hits shipbuilding results

BY YOKO SHIBATA IN TOKYO

SIX OF the seven major Japanese shipbuilding companies fell into pre-tax loss in the fiscal year ended March, reflecting slack exports and reduced orders caused by the yen's steep appreciation.

Heavy sales of securities and property failed to cover operating losses. Most of the companies expect the same level of losses in the current year.

Ishikawajima-Harima Heavy Industries (IHI) said its shipbuilding and maritime division posted an 8 per cent fall in sales. Despite help from lower interest rates, which cut IHI's interest bill by Y5.4bn, lower sales and unprofitable order receipts plunged the company into red.

RESULTS FOR YEAR ENDED MARCH 31 (Ybn)

	Sales		Pre-tax profit (loss)	Net profits (loss)
MHI	1,639.74	(−10.5%)	19.45	30.38
NKK	1,091.67	(−15%)	(7.82)	(13.95)
IHI	768.9	(− 4%)	(23.2)	(21.3)
KHI	689.4	(−16%)	(19.9)	(15.56)
Hitachi	349.53	(− 2.4%)	(64.02)	(38.59)
SHI	269.79	(+ 2.5%)	(3.54)	(11.02)
Mitsui	229.39	(−19.5%)	(1.15)	(3.34)

IHI raised Y61.6bn by unloading securities and Y9.6bn by selling real estate. It will pass its dividend, after having paid Y4 a share in the previous year.

Kawasaki Heavy Industries (KHI) reported its first post-war deficit. It chalked up a profit of Y12.4bn on securities sold, offset partly by a foreign exchange loss of Y6.7bn. It will continue to pass its dividend.

Hitachi Zosen incurred a Y64bn pre-tax loss, reflecting a sharp fall in sales of ships and machinery. The strong yen caused a foreign exchange loss of Y7.7bn. The company expects sales in the current year to fall 15 per cent, but hopes to swing back to the lining efforts.

Sumitomo Heavy Industries attributed its swelling pre-tax deficit to a Y8.2bn loss caused by the strong yen.

Mitsui Engineering and Shipbuilding incurred a pre-tax loss of Y1.15bn, despite the inclusion of Y14.5bn in profits from securities sales. Mitsui said the strong yen slashed sales in all divisions except shipbuilding.

Equiticorp builds Monier stake

BY CHRIS SHERWELL IN SYDNEY

EQUITICORP TASMAN, the Australian company controlled by Mr Allan Hawkins, the New Zealand entrepreneur, has unexpectedly built up a significant stake in Monier, the local building materials group which is 49.9 per cent-owned by Redland of the UK.

Monier is currently the subject of a takeover by CSR, the sugar building materials and resources group, and analysts wondered yesterday if Equiticorp Tasman was planning a counter-bid or hoping for a better offer price from CSR.

According to an announcement to the stock exchange last night, Equiticorp Tasman now holds 21.4m shares in Monier, equivalent to 13.7 per cent. The previous day it declared a holding of 4.91 per cent.

The group says it is a long-term investor in Monier. It made most of yesterday's purchases on the market at around A$4.15 a share, which would mean the group spent some A$55m (US$39.3m).

The price is well above CSR's offer price of A$3.80 a share, but CSR has indicated it does not intend to raise its bid. Its initial offer for Monier of A$3.50 last month was raised two day slater to A$3.80 with a scrip alternative.

Redland said at that time that it supported the bid, and the two companies are effectively associates. Under an options arrangement, Redland can sell out entirely to CSR or raise its stake to 50.1 per cent.

For CSR, Australia's 10th largest company in terms of market capitalisation, the takeover represents an important element of its plan to specialise inbuilding materials and sugar and reduce its dependence on resources.

In a seperate development, another arm of the Equiticorp group, Capitalcorp in Hong Kong, announced that it had acquired a 14.5 per cent stake in Chung Wah Shipbuilding and Engineering for HK$26.1m (US$3.3m).

Earlier this week the parent company, Equiticorp Holdings, reported an after-tax profit for the year to March of NZ$81m (US$46.6m) and an equity accounted profit of NZ$104.9m. Both figures were more than treble the previous years.

Heavy write-off sought on Kongsberg debt

By Karen Fossli in Oslo

NORWAY'S Ministry of Industry is seeking approval from parliament to implement an "accord option" for Kongsberg Vaapenfabrikk, the troubled industrial group which has outstanding loans totalling some NKr 2bn ($298m) with more than 33 foreign banks.

The accord seeks to force the foreign banks to take a 60 per cent write-off on their loans. However, the deal requires a 60 per cent majority agreement among the banks if the write-off is to be less than 50 per cent of outstanding loans. If the write-off is to be more than 50 per cent, an 80 per cent consensus will be necessary.

The Norwegian Ministry of Defence, which is the largest Kongsberg debtor, holds a 25 per cent stake in the company's defence division. This gives it substantial voting power in the proposal.

Negotiations are currently underway to sell Kongsberg's heaviest loss maker, its jet engine division. If a deal is struck with a consortium of potential Norwegian buyers, the French company SNECMA and Pratt & Whitney of the US may also take a stake. Kongsberg would retain 30 per cent in the new jet engine company.

Norwegian state-owned companies have in the past forced an accord option where foreign banks had to write off debt. It happened twice with the Horten Verft shipyard and once with Tandberg, the electronics company.

Kongsberg's financial problems come at a time when it is also under investigation at home and abroad for alleged violation of western alliance limitations on export of technology to communist bloc countries.

The Kongsberg accord will be discussed within a special government committee on June 5 before it is taken to a vote in parliament on June 10.

Kuwaitis seek link with CEPSA

BY DAVID WHITE IN MADRID

THE Kuwaiti Investment Office, which last year became the biggest shareholder in Spain's Banco Central, confirmed yesterday that it was discussing becoming a partner in Compania Espanola de Petroleos (CEPSA), the oil refiner closely linked to the bank. However, it said it was "sceptical" about the latest terms proposed by the Spanish company.

A KIO official in Madrid described as premature a statement by Mr Alfonso Escamez, the chairman of both Banco Central and CEPSA, describing the talks as "very advanced."

He indicated that an initial agreement had been called into question because of a change in financial terms, reflecting a rise in CEPSA's share price in the intervening period. He did not disclose details of the terms but said the asking price had been raised by about 20 per cent.

The official said the preliminary agreement foresaw a 20 per cent shareholding, but that Mr Escamez was now talking in terms of 15 per cent. This would be slightly less than Banco Central's holding in CEPSA of just under 17 per cent.

At current market prices 15 per cent of CEPSA's stock would cost about Pta 20bn ($158m). But the KIO said the detal would take account of benefits to CEPSA in its arrangements for crude oil supplies. Its entry would be made through a CEPSA capital increase, authorisation for which Mr Escamez is due to seek at the annual meeting today.

CEPSA, which showed a pre-tax profit of Pta 12.2bn last year on revenues of Pta 280bn, has for some months been seeking a shareholding deal with a crude oil supplier. Following unsuccessful negotiations with Abu Dhabi and Venezuelan interests, it is reported to have had contracts with another Arab concern and with the Mobil group for an alternative deal if the Kuwait agreement should fall through.

Last October, the KIO bought a stake of just under 5 per cent in Banco Central for Pta 14.4bn, through a Swiss intermediary. This followed a series of recent investments in Spain, notably in hotels and in the paper industry.

Mondadori triples net profits

BY ALAN FRIEDMAN IN MILAN

TREBLED 1986 net profits of L75.2bn ($57.6m) were unveiled yesterday by Arnaldo Mondadori Editore, Italy's biggest and most distinguished publishing group.

The Mondadori profit, which includes the group's book, magazine, newspaper and other publishing interests, was struck on consolidated group revenues of L1,125bn — up by 8.6 per cent on 1985.

Mr Emilio Fossati, managing director, said in Milan yesterday that Mondadori plans to invest L100bn in advanced technology and equipment during the next three years. He also said the group is planning to expand in Spain.

The group is still controlled by the Mondadori family, which has 50.3 per cent of the ordinary shares. The Mondadoris own this equity stake by means of a 50.33 per cent share in Amef, a holding vehicle which is quoted on Milan's over-the-counter market.

The other major shareholder in Mondadori is Mr Carlo De Benedetti, who owns 15.5 per cent of Amef through his Sabaudia holding company. Mr de Benedetti's Sabaudia also owns 21.66 per cent of Mondadori directly.

The group, which has 6,500 employees, owns 50 per cent of La Repubblica, the Rome daily newspaper, as well as Panorama, the weekly news magazine.

Mondadori's biggest publishing coup was achieved by Mr Leonardo Mondadori, vice-president, who recently agreed to pay Random House of the US an estimated L900m for the Italian rights to the forthcoming official autobiography of Mr Gianni Agnelli, chairman of Fiat.

The Agnelli book, which is being written mainly by the Wall Street Journal's correspondent in Brazil, is expected to be a best seller. The book, to be published in 1988, will have an initial print run of 220,000 copies in Italy, according to Mr Mondadori.

Amoco Canada plans offering

By Our Financial Staff

CANADIANS will be given an opportunity to buy voting common shares in Amoco Canada Petroleum, as a consequence of the company's purchase of Dome Petroleum, the debt-ridden Canadian energy producer.

Mr Don Stacy, Amoco Canada's president, told a Senate committee in Ottawa: 'We are not yet in a position to precisely define how this voting common share offering will be handled. The details will depend on discussions with government authorities and input by securities underwriters."

Land deal surprises HK property market

BY KEVIN HAMLIN IN HONG KONG

HANG SENG Bank (HSB), a subsidiary of Hongkong and Shanghai Banking Corporation, set the local property market buzzing yesterday when it paid HK$840m (US$107.8m) for a prime central site at a tense government land auction that lasted just 10 minutes and was attended by 1,000 people.

The price was some 40 per cent higher than analysts had predicted. The purchase price, plus a broad bidding interest by local developers up to HK$700m, is seen as a boost both for the local property market and for confidence in Hong Kong's future after 1997, when sovereignty reverts to China.

HSB said it will develop a new 24-storey headquarters on the 22,580 sq ft site, known locally as the old fire station site. The headquarters will be completed within three years, and would be wholly used by the bank.

The bank was keen to get a central location for the development, and such sites are in chronically short supply. HSB plans to retain ownership of its existing central district headquarters. Mr Q. W. Lee, chairman and general manager, said development of the headquarters would cost about HK$400m at current prices.

Mr Lee's response to the unexpectedly high price was: "We think it is reasonable for the Government and for us." The identity of the party which stayed with bidding up to HK$830m is unknown, but market analysts say it was Japanese.

While the market was surprised by the high price, analysts say that the outcome should be viewed as a special case because HSB is an end user. Mr Dominic Leung, a partner of Richard Ellis, property consultants, said: "They are a very special purchaser because they can probably minimise on part of the development cost as a financier. If the winner had been a developer, that would have been a different story."

It is thus felt that the sale does not accurately reflect true market values, although the broader bidding interest shown up to HK$700m is expected to increase property prices to some degree.

Mr Leung said: "Other bidders were investors, and they were able to put up something over HK$700m. That surprised me because at that price they must be damned optimistic about future rents and prices."

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1987 High	1987 Low
METALS					
Aluminium					
Free Market c.i.f.	$1550/570	+30	$1275/1295	$1580/1600	$1205/1225
Antimony					
Free Market 99.6%	$2390/2440	−10	$2700/2750	$2400/2500	$2250/2300
Copper-Cash Grade A	£921	+2.5	£949.5	£951	£870.25
3 months Grade A	£907.5	+11	£963.75	£942.25	£849.5
Gold per oz	$451.75	−13.5	$343.5	$475	$390.85
Lead Cash	£409	+11.5	£264.75	£446	£286.75
3 months	£371.5	−1.62	£269.5	£387.25	£290.75
Nickel					
Free market	195/215c	−1	180/200c	214/234c	155/177c
Palladium	$141.50	−6	$109.75	$161.00	$117.15
Platinium per oz	$577.50	−25.5	$417.5	$646.50	$476.75
Quicksilver (76lbs)	$260/270	......	$205/215	$270/280	$150/160
Silver per oz	472.75p	−62.20	351.10p	653.60p	344.40p
3 months per oz	483.40p	−63.00	359.00p	668.20p	352.70p
Tin					
Free market	£4,175/280	+55	£3720/750	£4,510/540	£4,080/100
Tungsten Ind	$51.47	......	$59.13	$51.47	$41.44
Wolfram (22.04 lbs)	$48/55	......	$42/50	$50/55	$32/42
Zinc cash	£495.5	+1	£510	£554.5	£448.5
3 months	£496.5	+6	£520.5	£550.5	£448
Producers	$830*	......	$760	$870	$770/790
GRAINS					
Barley Futures Sept.	£97.90	—	£97.85	£118.55	£97.55
Maize French	£15.00	+1	£139.00	£150.00	£142.00
WHEAT Futures Sept.	£100.70	−0.2	£99.10	£125.50	£100.70
SPICES					
Cloves	$3,450	−50	$4800	$3,800	$3,200
Pepper white	$5,600	−100	$6300	$6,400	$4,900
black	$4,850	−50	$3800	$4,900	$4,200
OILS					
Coconut (Philippines)	$425z	—	$242.5	$460	$320
Palm Malayan	†	—	$242.5	$390	$300
SEEDS					
Copra (Philippines)	$270v	—	$145	$300	$220
Soyabeans (U.S.)	$153u	—	$156	$155	$133.5
OTHER COMMODITIES					
Cocoa Futures July	£1260.5	+1.5	£1317.5	£1,439.5	£1,255.5
Coffee Futures July	£1366.5	+4	£1904	£1,655.5	£1,244
Cotton Outlook A Index	79.95c	+0.25	43.95c	80.60c	53.65c
Gas Oil Fut. July	$151	−3.5	$123	$168	$125.5
Jute LJA BWC grade	$360	—	$305	$360	$260
Rubber kilo	64.25p	+1.5	54p	67.25p	60p
Sisal No. 3L	$610	—	$610	$610	$610
Sugar (Raw)	$169.5z	−9	$170	$204	$139.5
Tea (quality) kilo	†	—	†	180p	140p
(low med) kilo	†	—	†	111p	82p
Wooltops 64s Super	466p kilo	+3	425p kilo	485p kilo	416p kilo

† Unquoted. (g) Madagascar. (v) July. (u) May-June. (z) June-July. * Metal Bulletin price.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	881-3	+8	885/884
3 months	870-1	−3	876/869

Official closing (am): Cash 882-3 (869-70). three months 872-3 (870-1). settlement 883 (870). Final Kerb close: 868-9.

Turnover: 17,950 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or −	High/Low
Cash	920-8	−7.5	930/924
3 months	907-8	−3.25	913/906

Official closnig (am): Cash 924.5-5 (929.5-30.5). three months 907-7.5 (908.5-9.5). settlement 925 (930.5). Final Kerb close: 905-6.

Standard			
Cash	898-901	+0.5	—
3 months	883-4	−4	884/883

Official closing (am): Cash 900-2 (899-902), three months 883-5 (889-90). settlement 902 (902). US Producer prices 69.25/74.5 cents per lb.

Total turnover: 42,225 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	408-10	+20	410/408
3 months	371-2	+5	372.5/368

Official closing (am): Cash 409-10 (395-6), three months 372-2.5 (368-9), settlement 410 (396). Final Kerb close: 371-2.

Turnover: 7,750 tonnes. US Spot: 24/37 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2610-20	−20	—
3 months	2635-40	12.5	2660/2625

Official closing (am): Cash 2610-20 (2625-30), three months 2632-4 (2644-6), settlement 2620 (2630). Final Kerb close: 2625-30.

Turnover: 960 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	496-7	−2	501/496
3 months	495-7	−1	500/494

Official closing (am): Cash 500-1 (504-5), three months 499-500 (500-1), settlement 501 (505). Final Kerb close: 496-7.

Turnover: 7050 tonnes. US Prime Western: 41.5/45.75 cents per lb.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—
	—	—	—
	—	—	—
		July Sept.	July Sept.
Aluminium 99.5%	1,400	47.00	—
	1,425	—	34.00
	—	—	—
Copper (Grade A)	1,475	36.00	25.75
	—	—	—
	£/tonne		
Copper (Grade A)	—	—	—
	—	—	—

TIN

KUALA LUMPUR TIN MARKET: Close n/a (n/a) ringgit per kg.

GOLD

GOLD BULLION (fine ounce)	May 29	
Close	$451½-452	(£277½-278)
Opening	$450-450½	(£277¼-278)
M'n'g fix	$451.75	(£277.829)
Aft'n'n fix	$451.00	(£777.285)

GOLD AND PLATINUM COINS		
Am Eagle	$464-467	(£284¾-286¾)
Mapleleaf	$465½-468	(£284½-287½)
Kr'g'r'nd	$452-455	(£277½-279½)
½ Krug	$237-231	(£141¼-141¾)
¼ Krug	$116½-117½	(71½-72¼)
Angel	$460¼-464½	(£282¾-285¼)
1/10 Angel	$44¾-49¼	(£27½-30½)
New Sov	$105½-106½	(£64¾-65½)
Old Sov	$105½-107	(£64¾-65¾)
$ 20 Eagle	$ —	—
Noble Plat	$591-601	(£362¾-369)

SILVER

Silver was fixed 13.15p an ounce higher for spot delivery in the London bullion market yesterday at 472.75p. US cent equivalents of the fixing levels were: spot 768.5c, up 20c; three-month 782.75c, up 20.65c; six-month 796.8c, up 20.9c; and 12-month 827.1c, up 20.75c. The metal opened at 462-464½p (749-753c) and closed at 467½-470p (761-765c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	472.75p	+13.5	468p	+4
3 months	483.40p	+13.5	479p	+5
6 months	493.30p	+13.7	—	—
12 months	513.55p	+13.5	—	—

Three months final kerb 478-80p.

LME—Turnover: 8 (1) lots of 10,000 oz.

INDICES

REUTERS

May 29	May 28	M'th ago	Year ago
1625.4	1629.6	1683.1	1756.9

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	May 28	May 27	M'th ago	Year ago
Spot	128.93	129.22	—	126.15
Fut	126.85	126.61	—	116.16

(Base: December 31 1931 = 100)

COFFEE

Robustas closed around the week's lows as commision house liquidation in the closing minutes found little resistance, reports Drexel Burnham Lambert. With the market once again unable to break recent highs, nervous longs decided to square their books.

COFFEE	Yesterday close	+ or −	Business done
May	—	—	1360-1342
July	1365-1366	−18.0	1395-1365
Sept	1382-1384	−15.0	1410-1385
Nov	1401-1405	−11.5	1438-1401
Jan	1420-1425	−11.5	1446-1430
Mar	1440-1450	−8.0	1457
May	1472-1476	+4.0	1476-1471

Sales: 2,318 (4,150) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for May 28: Comp. daily 1979 110.74 (110.68): 15-day average 111.72 (111.56).

COCOA

The market traded in a narrow range closing towards the day's low in light volume. Physical business was confined to manufacturer price-fixing and second-hand dealer sales to the buffer stock. The May terminal position expired quietly with over 1,200 lots tendered, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
May	—	—	1245-1258
July	1260-1261	+4.0	1265-1258
Sept	1261-1262	−2.0	1269-1281
Dec	1292-1293	−2.0	1300-1291
March	1320-1321	−3.0	1328-1320
May	1339-1340	−4.0	1347-1339
July	1357-1358	−4.5	1365-1357

Sales: 1,845 (1,866) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for May 29: 1,542.98 (1,537.01); 10-day average for June 1: 1,562.84 (1,569.46).

FREIGHT FUTURES

The market opened on a weak note in thin trading ahead of the news of a fall in the BFI to 1070.50. Otherwise there was no news of note, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	990	1011/978	1014/1015
Oct.	1004	1015.5/1000	1023/1025
Jan.	980/1020		1015/1020
Apr.	1050	—	1035/1070
July	950	—	930
Oct.	960	—	960
Jan.	1000	—	1000
April	1070	—	1070
BFI.	1070.5	—	1076

Turnover: 379 (99).

GRAINS

LONDON GRAINS—Wheat: US hard winter 13½ per cent June 98.50, July 95.75, Aug 98.00. US No. 2 soft red winter June 93.25, July 92.75, Aug 93.50, French 11½-12 per cent May 143.00. English feed fob June 121.00 seller, Sept 102.50/103.50, Oct/Dec 106.00/106.75, Jan/March 110.50/111.00 buyer/sellers. Maize: US No. 3 yellow/French transhipment east coast spot 150.00. Barley: English feed fob June 110.00, Aug 88.00, Sept 100.50, Oct/Dec 104.00 buyers.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
July	119.80	−0.35	—	—
Sep	100.70	−0.20	97.90	−0.10
Nov	102.85	−0.05	100.30	+0.05
Jan	105.40	−0.15	102.70	+0.05
Mar	107.90	+0.05	105.15	+0.05
May	110.40	−0.10	107.05	+0.05

Business done—Wheat: July 119.90-9.60. Sept untraded. Nov 102.85, Jan untraded. March 107.90-7.75. May 100.40. Sales: 83 lots of 100 tonnes. Barley: Sept untraded. Nov 100.25. Jan untraded. March 105.10. May untraded. Sales: 7 lots of 100 tonnes.

HGCA—Location ex-farm spot prices. Feed barley: E. Midlands 103.60, N. East 107.50, Scotland 104.00. The UK monetary coefficient for the week beginning Monday June 8 (based on HGCA calculations using 2 days' exchange rates) is expected to be changed to 1.240.

US MARKETS

PRECIOUS METALS were dominated by local trading in lacklustre trading, reports Drexel Burnham Lambert. Early light trade and local selling eased the gold, siver and platinum forcing speculative liquidation before short-covering towards the close brought prices back to the middle of the day's ranges. Crude oil futures traded narrowly to begin with but steadied on good commission house buying which touched off buy stops. Cotton futures again weakened in the back months on follow-through commission house selling and stops but short-covering pared losses and July closed higher on trade buying. Cocoa steadied on short-covering. Coffee fell on local and light trade selling which touched off stops before the locals covered. Sugar eased on light trade and commission house selling before trade support induced a short-covering rally. The grains, too, were quiet. Maize futures eased on anticipation of increased certificates which should lead to an increased supply of old crop. Wheat futures eased on prospects of a good harvest. In Soyabean ftutures new contracts firmed on forecasts of further dry wheather in growing areas. The products firmed on reports ob better export prospects. Cattle ftutures fell on commission house liquidation in the spot month and o nfears of lower cash prices, but both the pork bellies and hog futures tended to drift lower as traders awaited fresh incentives.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
June	70.10	69.85	—	—
July	68.25	68.00	—	—
August	67.45	67.30	—	—
Sept	66.75	66.65	—	—
Dec	66.20	66.15	—	—
Jan	66.20	66.15	—	—
March	66.20	66.15	—	—
May	66.20	66.15	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	1881	1871	1895	1873
Sept	1914	1904	1916	1908
Dec	1950	1940	1955	1941
March	1995	1977	1995	1983
May	2011	2003	—	—
July	2022	2028	—	—
Sept	2062	2053	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
July	119.46	121.51	122.25	118.55
Sept	123.12	121.76	123.50	119.65
Dec	121.25	123.20	123.50	121.05
March	122.10	123.50	125.00	122.00
May	124.00	124.25	127.25	124.00
July	126.00	125.13	126.00	125.00
Sept	128.13	128.13	131.55	131.50

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
June	66.00	65.35	65.75	65.75
July	65.80	65.10	66.00	64.90
August	65.40	65.00	—	—
Sept	65.25	64.85	65.15	64.80
Dec	65.10	65.00	—	—
Jan	65.25	64.80	65.15	64.80
March	65.25	65.00	65.40	65.40
May	65.35	65.00	—	—
July	65.35	65.00	65.70	65.00
Sept	65.25	65.00	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
July	76.45	76.46	76.76	75.95
Oct	72.15	73.00	74.30	72.10
Dec	71.18	72.07	73.10	71.00
March	71.65	72.03	73.08	71.60
May	71.35	73.39	74.18	71.70
July	72.10	73.80	74.60	72.00
Oct	69.75	70.40	69.80	69.20

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
July	19.39	19.28	19.38	19.16
August	19.13	19.05	19.15	18.87
Sept	19.00	18.96	19.00	18.78
Oct	18.90	18.82	18.91	18.74
Nov	18.85	18.80	18.85	18.65
Dec	18.78	18.74	18.82	18.65
Jan	18.75	18.70	18.75	18.54
Feb	18.65	18.65	18.70	18.65
March	18.70	18.63	18.70	18.65
April	18.70	18.60	18.60	18.60

SPOT PRICES: Chicago loose lard 14.50 (15.00) cents per pound. Handy and Harman silver bullion 761.0 (761.5) cents per troy ounce. New York tin 317-21 (316-21) cents per pound.

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
June	460.2	[illegible]	[illegible]	[illegible]
July	462.7	[illegible]	[illegible]	[illegible]
August	466.0	[illegible]	[illegible]	[illegible]
Oct	461.5	[illegible]	[illegible]	[illegible]
Dec	467.1	[illegible]	[illegible]	[illegible]
Feb	473.4	[illegible]	[illegible]	[illegible]
April	478.7	[illegible]	[illegible]	[illegible]
June	486.2	[illegible]	[illegible]	[illegible]
Oct	489.9	[illegible]	[illegible]	[illegible]
Dec	506.8	[illegible]	[illegible]	[illegible]
Feb	513.8	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
June	51.45	[illegible]	[illegible]	[illegible]
July	50.65	[illegible]	[illegible]	[illegible]
August	51.70	[illegible]	[illegible]	[illegible]
Sept	51.90	[illegible]	[illegible]	[illegible]
Oct	52.65	[illegible]	[illegible]	[illegible]
Nov	53.30	[illegible]	[illegible]	[illegible]
Dec	54.00	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
July	131.70	[illegible]	[illegible]	[illegible]
Sept	127.90	[illegible]	[illegible]	[illegible]
Nov	134.40	[illegible]	[illegible]	[illegible]
Jan	124.20	[illegible]	[illegible]	[illegible]
March	123.20	[illegible]	[illegible]	[illegible]
May	124.20	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
June	577.4	[illegible]	[illegible]	[illegible]
July	578.9	[illegible]	[illegible]	[illegible]
Oct	585.6	[illegible]	[illegible]	[illegible]
Jan	592.9	[illegible]	[illegible]	[illegible]
April	600.4	[illegible]	[illegible]	[illegible]
July	608.4	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
June	762.0	[illegible]	[illegible]	[illegible]
July	767.0	[illegible]	[illegible]	[illegible]
Sept	776.5	[illegible]	[illegible]	[illegible]
Dec	792.0	[illegible]	[illegible]	[illegible]
Jan	797.2	[illegible]	[illegible]	[illegible]
March	807.7	[illegible]	[illegible]	[illegible]
July	830.7	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11"

	Close	Prev	High	Low
July	6.72	[illegible]	[illegible]	[illegible]
Sept	6.90	[illegible]	[illegible]	[illegible]
Oct	7.33	[illegible]	[illegible]	[illegible]
March	7.62	[illegible]	[illegible]	[illegible]
May	7.68	[illegible]	[illegible]	[illegible]
July	7.79	[illegible]	[illegible]	[illegible]
Oct	7.94	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
June	67.67	[illegible]	[illegible]	[illegible]
August	62.40	[illegible]	[illegible]	[illegible]
Oct	61.17	[illegible]	[illegible]	[illegible]
Dec	62.05	[illegible]	[illegible]	[illegible]
Feb	61.87	[illegible]	[illegible]	[illegible]
April	62.90	[illegible]	[illegible]	[illegible]
June	62.40	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
June	58.17	[illegible]	[illegible]	[illegible]
July	54.80	[illegible]	[illegible]	[illegible]
August	50.07	[illegible]	[illegible]	[illegible]
Oct	44.00	[illegible]	[illegible]	[illegible]
Dec	44.10	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

(same): Aug 63.75p (same). Kuala Lumpur fob prices (Malaysian/Singapore cents per kg): RSS No. 1 (240.0); SMR 20 — (205.5).

FUTURES—July 501-504, July-Sept 601-604, Index 602, sales nil.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	—	—
Arab Heavy	—	—
Dubai	$17.05-17.15	[illegible]
Brent Blend	$18.60-18.90	[illegible]
W.T.I. (1 pm est)	[illegible]	[illegible]
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	[illegible]	[illegible]
Gas Oil	149-150	[illegible]
Heavy fuel oil	[illegible]	[illegible]
Naphtha	154-156	+0.5

* July. Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'rdy's close	+ or −	Business done
	US $ per tonne		
June	149.25	[illegible]	[illegible]
July	151.25	[illegible]	[illegible]
August	152.75	[illegible]	[illegible]
Sept	155.75	[illegible]	[illegible]
Oct	157.50	[illegible]	[illegible]

Turnover: 4,090 (1,533) lots of 100 tonnes.

POTATOES

With rumours of a reduced carry-over stock and continued fears over lack of rain April was immediately stronger. Sentiment continued to be bullish throughout the day, fuelled by stop-loss buying, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	95.50	92.50	96.50-93.00
Feb	105.50	101.50	—
Apr	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 1,202 (542) lots of 40 tonnes.

SOYABEAN MEAL

	Yesterday's close	+ or −	Business done
	£ per tonne		
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]

Sales: 86 (605) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $169.50 (164.00), up 50c (unchanged) a tonne for June-July delivery. White sugar $183.50, down $1.00.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]

Sales: 1,343 (939) lots of 50 tonnes.

PARIS—(FFr per tonne): Aug 1121/1125, Oct 1153/1155, Dec 1170/1175, March 1205/1215, May 1235/1245, Aug 1260/1280.

Tate and Lyle delivery price for granulated basis sugar was £208.00 (same) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports) Prices for

RUBBER

PHYSICALS—Closing prices (buyers): Spot 64.25p (same). July 64.00p

HEAVY FUEL OIL

Month	Yesterday's close	+ or −	Business done
	US $ per tonne		
June	100.00	—	100.00
July	—	—	—

Turnover: 5 (0) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 100.05p per kg lw (−0.74). GB—Sheep 226.22p per kg est dcw (−22.60). GB—Pigs 80.20p per kg lw (—). FUTURES—Live cattle: June 100.80, sales 2.

WORLD STOCK MARKETS

NEW YORK

May 28	Price US $	+ or −
Chemical N.Y.	42	......
Chesebrough-Pond	39⅛	......
Chevron	57⅞	......
Chrysler	34⅞	+⅛
Chubb	58⅝	−⅛
Cigna	59½	−⅝
Cincinnati Mil	31½	+¼
Citicorp	56½	−¼
Clark Equipment	27⅞	+⅝
Gulf and Western	82⅞	−1⅛
Gulf States Util	7⅞	+⅛
Hall (FB)	12⅞	+⅛
Halliburton	36¼	+⅜
Hanna Mining	20½	−⅛
McCormack	25	−⅛
Morgan (JP)	43⅞	+½
Morgan Stanley	71⅝	+⅝
Morrison Knudson	47¼	−¼
Morton Thiokol	42½	+¼
Motorola	55⅝	−⅞
Multimedia	52¼	−¼
Munsingwear	7¼	−⅛
Murphy Oil	33⅝	+½
Sara Lee Corp	41⅞	+1⅛
Saul Investment	15½	......
Scandinavian FP	10	−⅛
Schering Plough	91⅛	+¾
Schlumberger	42½	−⅛
Scientific Atl	16	−½
Scott Paper	67⅝	−⅝
Sea Containers	18½	......
Seagate Tech	45¼	+2⅞
Yellow Frt Sys	30⅞	......
Zapata	4⅞	−⅛
Zayre	26⅝	+⅝
Zenith Elec	27⅞	......
Zero Co	16⅝	−⅛

WALL STREET

Slight gain on strong inspiration

A STRONG DOLLAR and a firm bond market provided the inspiration on Wall Street yesterday, but investors seemed content with only a slight gain. "People just aren't jumping into this market except into specific situation stocks," one trader said.

The Dow Jones Industrial Average, which jumped to an early 15-point gain when the Japanese announced a new economic package designed to prop up their economy and spur imports, settled at 2,311.44, up 0.76 at 1 pm and and advance of 68.24 on the week. The NYSE All Common index, at $163.93, rose 32 cents on the day and $4.88 on the week. Gains led losses by a two-to-one majority in a volume of 120.21m shares.

"We have a lot of stimulants — better bonds, stronger dollar, the Japanese news — but the market lacks substantial leadership," said Gerald Simmons, head of Equity Trading at Smith Barney. "The only stocks that are really moving up are the takeover candidates," he added.

In that group **Morse Shoe** jumped $3⅛ to $42½ — a group headed by Asher Edelman offered $30 in cash plus a unit with a market value of $10 for each share of Morse. Morse said, however, it received a number of takeover proposals that are more favourable than Edelman's offer.

JWT Group, the advertising concern, moved up $3 to $36¼—"it's possible that someone might be accumulating the stock to take it over," said analyst Andrew Wallach of Painwebber Group. "This company has been subject to takeover speculation for six months or longer," he added.

Closing prices for North America were not available for this edition.

Lockheed, up on rumours the past two sessions, slipped $1½ to $52¼ when nothing new surfaced to support the takeover speculation.

Allegis came back $1¼ to $86¼, after rising over $8 Thursday after announcing a recapitalisation to fend off a takeover.

THE AMERICAN SE Market Value index shed 0.20 to 325.54, reducing its rise on the week to 3.22. Trading volume 88.35m shares.

CANADA

Stock prices drifted lower in moderate mid-session trading, beset by further weakness in Resource stocks.

The Toronto Composite index edged down 6.6 to 3681.80, Metals and Minerals lost 14.8 to 2708.5 and Golds 36.0 to 8202.3. But Oil and Gas rose 41.0 to 4167.9.

Dome Petroleum fell 3 cents to $1.27—**Amoco's** Canadian unit said it planned a Canadian share issue after its $5.20bn buyout of Dome is completed.

Provigo rose $⅛ to $23—the food distributor set a two-for-one stock split and raised its quarterly dividend.

TOKYO

The Nikkei Dow market index surged to its first record close for two weeks in heavy trade on news the Japanese Government unveiled a Y6,000bn spending package to spur the domestic economy, brokers said.

The market index rose 338.74 to a record 24,772.39, near the day's best levels. Advances led declines three-to-one in turnover of 1.4bn (1.2bn) shares.

Insurances, Services, Electricals, Securities Houses, Pulp/Papers, Real Estates and non-Ferrous Metals gained ground.

Chemicals, Retailers, Autos, Glass, Constructions, Foods, Banks, and Precision Instruments also rose.

News of the stimulatory package boosted domestic demand-related issues, while some Road Building issues improved on news of Japan's Land Agency plans to spend Y1bn over the next 15 years to decentralise Government and industry from Tokyo in a project calling for massive road construction.

Some brokers said non-Ferrous Metals climbed on news that New York-based Energy Conversion Devices Inc. had measured zero resistance to electricity in a material cooled to minus 12 degrees centigrade. Some non-Ferrous metals are used in such superconductors.

Some institutional investors were still holding back ahead of the Venice Summit of Industrial Nations from June 8 to 10.

Communications and Electric powers fell.

The broad-based first section index rose 17.19 to 2,134.73.

HONG KONG

Stocks closed lower after a Government land auction in which a prime office site was sold to Hang Seng Bank for HK$840m. HSB shed 25 cents to HK$37.

An international broker said the sale did not necessarily reflect a rising trend in local property prices, even though it was well above the generally expected price of around HK$600m, because the bank is expected to retain the site for its new head office.

The Hang Seng index lost 29.36 to 2,919.70 and the Hong Kong index was off 19.83 at 1,853.09.

Many investors took profits on the land auction result, while a long weekend holiday here also prompted position squaring sales.

In the Property sector, **Cheung Kong** lost 40 cents to HK$11, **Hang Lung Development** 30 cents to HK$12.90 and **New World Development** 20 cents to HK$11.

Hutchison Whampoa ended at HK$12.60 ex a one-into-four split.

Kumagai Gumi Hong Kong, which made its debut, ended at HK$4.35, against its public offer price of HK$2.50.

Brokers noted mounting speculation that the Hong Kong association of Banks will decide on an increase in local interest rates at their weekly meeting today.

AUSTRALIA

Sharply higher as firmer gold prices and the belief the market had ended its downward correction sent prices up, brokers said.

Turnover in building products group **Monier** dominated trading with a total of 13.29m shares traded. Broker Potts West Trumbull, believed to be acting on behalf of Equiticorp Tasman which revealed a stake of 4.91 per cent Thursday, was the major buyer. The shares closed steady at A$4.15, 35 cents above **CSR's** takeover bid price.

All Industrials index 21.9 at 2,552.3 and the All Resources index 30.3 at 1,175.0 after a 172.4 or 5.7 per cent, rise in the Gold index to 3,180.9. National turnover 173m shares, worth A$331m, with rises outnumbering falls two-to-one.

Apart from Monier, demand was strong for other leading stocks such as **News Corp, Adsteam, Western Mining, BHP** and **Santos**.

Brokers said opinion polls suggesting the Labour Government would be re-elected also boosted sentiment.

Minings and Oils received good support after recent heavy falls

GERMANY

Dealers said the upward price trend would probably continue next week provided the dollar stayed at current levels.

Deutsche Bank were DM 8.70 higher at 603.50 and **Dresdner** DM 2.50 to 314.

Siemens firmed DM 3.50 to 699 on two Far East orders totalling DM 115m

Carmaker **Daimler** rose DM 15.30 to 1,009.80 and **BMW** DM 9 to 608.

PARIS

French shares were mixed but losing ground toward the close in very thin business. Many operators took the day off between Thursday's Ascension holiday and the weekend.

Dealers said news of Wall Street's stronger performance and the Japanese Government's Y6,000 bn economic package had not been enough to restimulate confidence among investors, and that operators were waiting for next week's Venice Summit.

Retail groups led the field with **Alsac Supermarche** up to FFr 2,300 and **Promodes** up to FFr 2,200. State petroleum group **Total** moved up to FFr 526.

Among Foreign shares, Gold Mines and Oils were weaker. Japanese stocks were also for the most part lower, but Americans were slightly stronger.

CANADA

May 28	Price Can. $	+ or −
Abitibi	36¼	−½
Abitibi Res	0.25	−0.02
AMCA Intl.	10⅝	+⅛
Agnico Eagle	33½	+⅞
Alberta Energy	21⅜	+¼
Alcan Aluminium	37⅛	−¼
Algoma Steel	16½	......
Bank Montreal	32⅞	−½
Bank Nova Scotia	17½	−⅛
B.C.E.	41¾	+¼
Bombardier	24¼	+¼
Bow Valley	19	−⅛
BP Canada Res	21¼	−¼
Brascan A	35¼	−¼
BC Forest	18¾	......
CIL Inc	28⅝	−⅛
Cadillac Fairview	32⅞	......
Campbell Red Lk	37½	+½
Can Cement Pf	15¼	+⅛
Can NW Energy	23½	......
Can Packers	16	−¼
Can Trustco	67½	......
Can Imp Bank	21½	−⅛
Can Pacific	23¼	−¼
Can Tire A	15½	......
Can For	28¾	+⅛
Carling O'Kfe	17¼	......
Chieftain	14¾	−½
Cominco	17⅛	−½
Coniagas Mines	6¼	+¼
Cons Bathst A	18½	+¼
Coremark Intl.	2.60	−0.05
Costain	14	......
Dennison Mines A	6¾	......
Dofasco Inc	25½	−¼
Dome Mines	18⅞	+½
Dome Petroleum	1.30	+0.01
Domtar	20½	+⅛
Falconbridge	21⅞	+⅝
Fed. Inds. A	16	......
Gendis Inds. A	19	......
Giant Y'knife	22	+1
Gulf Canada	29⅞	......
Hawker Sid Can	27	......
Hudson's Bay	25½	......
Husky Oil	11⅝	......
Imasco	34	−⅛
Imperial Oil A	68	−1
Inco	23⅝	+⅝
Indal	13	+¼
Int Pipe	48⅝	+⅜
Labatt	24⅛	+⅜
Lac Minerals	43¼	+1¼
Laurentian Gp.	15¼	+⅛
Loblaw	14⅞	−⅛
Macmillan Bloedel	24¼	+½
Magna Intl	27½	−¼
McIntyre Mines	44.75	−0.25
Mitel Corporation	7	−⅛
Molson Cl A	24½	−½
Moore Corp	32½	−⅛
Nat. Bk. of Canada	14½	−⅛
NBS	19¼	......
Noranda Mines	29	+¼
Norcen Energy	24	−⅛
Northern Telecom	26¼	......
Nova Alberta	8⅝	......
Numac Oil	10½	−⅛
Oakwood Pet	3.25	−0.1
Pan Can Pet	35	+¼
Placer Dev	22¼	+½
Power Corp	17⅝	+⅛
Quebec Sturgeon	7	......
Ranger Oil	7¾	+⅛
Reed Stenh'se A	33	+¼
Royal Bank	33⅛	−¼
Royal Trust A	33½	+⅛
Sceptre Res	4.60	+0.1
Seagram	93½	+¼
Sears Can Inc	11½	−⅛
Shell Canada Oil	45	−⅛
SHL Systemhouse	28⅝	+1¼
Stelco	25¼	−½
Teck B	29⅝	+⅞
Texaco Canada	34¾	−¼
Thomson New	31⅛	+⅛
Toronto Dom Bk	28¼	......
Transalta A	30	+⅛
Trans Can. Pipe	18⅛	−¼
Varity Corp	3.35	−0.05
Westcoast Tra	17⅝	−⅛
Weston (Geo)	40½	......

AUSTRIA

May 29	Price Sch%	+ or −
Creditanstalt	1910.00	+10
Goesser	2460.00	−40
Interunfall	11900	......
Jungbunzlauer	7850	......
Laenderbank	1765.00	+5
Perlmooser	665.00	......
Steyr-Daimler	132.00	......

GERMANY

May 29	Price Dm.	+ or −
AEG-Telef	312.50	−1
Allianz Vers	1615.00	+13
BASF	281.120	+0.82
Bayer	313.00	+2.5
Bayer-Hypo	387.00	−14
Bayer-Verein	382.00	+2
BHF-Bank	404.00	+2.5

SPAIN

May 29	Price Pts.	+ or −
Banco Bilbao	1429.00	......
Banco Central	1028.00	−17
Banco Exterior	430.00	−15
Banco Hispano	500.00	−25
Banco Popular	1550.00	+70
Banco Santander	1115.00	+6
Banco de Vizcaya	1885.00	......

AUSTRALIA (Continued)

May 29	Price Aust$	+ or −
News	17.90	+0.3
Noranda Pacific	3.60	+0.1
North Bkn Hill	2.70	+0.05
Oakbridge	0.65	+0.02
Pacific Dunlop	4.70	+0.05
Pancont'l	3.75	−0.05
Pioneer Conc	3.32	+0.02

JAPAN (Continued)

May 29	Price Yen	+ or −
Nippon Seiko	537	+22
Nippon Shimpan	1270	+30
Nippon Steel	357	+12
Nippon Suisan	625	+4
Nippon Yusen	609	+1
Nissan Motor	720	......
Nisshin Flour	1290	−50

Indices

NEW YORK

DOW JONES

	May 28	May 27	May 26	May 22	1987 High	1987 Low	Since compilation High	Since compilation Low
♦Industrials	2310.68	2295.81	2297.94	2243.20	2405.54 (6/4)	1927.31 (2/1)	2405.54 (6/4/87)	41.22 (2/7/32)
Home Bonds	87.95	87.63	87.64	87.07	95.51 (9/2)	87.07 (22/5)	(—)	(—)
Transport	980.70	962.82	957.38	933.81	976.04 (14/5)	816.38 (2/1)	964.64 (6/5/87)	12.32 (8/7/32)
Utilities	197.60	196.17	198.47	195.01	227.83 (22/1)	191.39 (20/5)	227.83 (22/1/87)	10.5 (8/4/32)

♦Day's High 2323.57 (2320.24) Low 2265.93 (2274.27)

STANDARD AND POOR'S

	May 28	May 27	May 26	May 22	1987 High	1987 Low	Since compilation High	Since compilation Low
Composite‡	290.76	288.73	289.11	282.16	301.95 (6/4)	246.45 (2/1)	301.95 (6/4/87)	4.40 (1/6/32)
Industrials	337.80	335.55	335.90	328.19	349.93 (6/5)	274.58 (2/1)	349.49 (6/4/87)	3.62 (21/6/32)
Financials	28.00	28.01	28.20	27.32	31.51 (6/3)	26.54 (19/5)	31.51 (6/3/87)	8.64 (1/10/74)
NYSE Composite	163.61	162.64	162.72	159.05	171.08 (24/3)	141.01 (2/1)	171.08 (24/3/87)	4.46 (25/4/42)
Amex Mkt. value	325.74	324.70	325.34	322.32	342.23 (6/4)	267.49 (2/1)	342.23 (6/4/87)	29.31 (9/12/72)
NASDAQ OTC Comp	414.35	412.59	411.44	407.40	439.64 (20/3)	353.26 (2/1)	439.64 (20/3/87)	54.87 (3/10/72)

	Apr. 24	Apr. 10	Apr. 3	year ago (approx.)
Dow Industrial Div. Yield	2.99	2.86	2.80	3.55
	Apr. 22	Apr. 15	Apr. 8	year ago (approx.)
S and P Industrial Div. Yield	2.52	2.54	2.47	2.98
S and P P/E ratio	23.17	21.23	22.12	17.22

TRADING ACTIVITY † Volume

Millions	May 28	May 27	May 26
New York	154.67	172.24	153.64
Amex	9.300	10.400	10.246
OTC	(u)	121.46	112.80

NEW YORK	May 28	May 27	May 26
Issues Traded	1,955	1,974	1,973
Rises	824	768	1326
Falls	722	763	349
Unchanged	409	443	298
New Highs	25	37	21
New Lows	28	32	30

CANADA

TORONTO

	May 28	May 27	May 26	May 25	1987 High	1987 Low
Metals & Minerals	2727.3	2709.5	2699.4	2731.7	2943.6 (11/5)	1988.2 (2/1)
Composite	3688.40	3684.90	3675.80	3675.00	3881.2 (6/4)	3067.8 (2/1)
MONTREAL Portfolio	841.27	1848.51	1837.35	1819.56	1935.0 (6/4)	1534.3 (2/1)

	May 29	May 28	May 27	May 26	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	1770.8	1744.6	1757.00	1803.0	1858.8 (18/5)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1124.0	1077.9	1109.2	1194.4	1287.5 (13/5)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	184.32	(c)	184.13	183.94	230.60 (2/1)	183.43 (25/5)
BELGIUM						
Brussels SE (1/1/84)	(c)	(c)	4553.40	4514.30	4683.0 (15/5)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	—	(c)	203.06	202.30	217.57 (22/1)	189.64 (6/1)
FINLAND						
Unitas General (1975)	515.5	514.5	512.2	509.8	519.1 (7/5)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	431.80	(c)	433.80	430.10	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	107.40	(c)	107.70	106.90	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	580.90	(c)	582.87	574.18	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1759.60	(c)	1759.10	1734.90	2048.3 (6/1)	1633.8 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	2919.70	2949.06	2942.92	2935.88	2949.06 (28/5)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	694.92	695.57	696.49	692.03	767.34 (30/4)	673.60 (3/3)
JAPAN**						
Nikkei (16/5/49)	24772.39	24433.65	24539.75	24580.87	24772.39 (29/5)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2134.73	2117.54	2134.25	2146.40	2193.75 (11/5)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	287.00	(c)	286.70	286.00	293.4 (9/4)	257.7 (28/1)
ANP CBS Indust. (1970)	251.20	(c)	250.50	249.90	274.9 (5/1)	243.7 (28/1)
NORWAY						
Oslo SE (4/1/83)	424.63	(c)	426.73	425.90	436.16 (24/4)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	(c)	1220.10	1213.70	1207.20	1220.10 (28/5)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	(c)	2141.0	2162.0	2308.0 (27/4)	1786.0 (19/3)
JSE Indust (28/9/78)	—	(c)	1901.0	1918.0	2089.3 (22/5)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	228.85	230.62	230.54	228.56	255.95 (23/2)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	2651.60	(c)	2656.30	2648.80	2782.10 (6/5)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Corp (31/12/58)	587.10	(c)	586.40	580.10	603.3 (6/1)	564.5 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)	—	459.4	459.40	461.90	476.50 (8/5)	361.3 (2/1)

**Saturday May 23: Japan Nikkei 24,532.72

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia, All Ordinary and Metals—500; NYSE All Common—50, Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Textron Wi	6,109,500	29¼	−⅜
Har Bra JO	5,402,400	55⅛	+1⅜
Allegis	3,275,000	87½	+8⅜
Lockheed	2,511,100	53¼	+1⅞
Texas UT	2,394,700	30⅞	−⅞
Santa Fe	2,062,100	47⅞	+2⅞
Oxy Pete	1,589,300	36½	+1⅞
Pan Am Cp	1,530,200	5	(—)
Navistar	1,458,200	8¼	−⅛
IBM	1,403,100	162⅞	+1⅛

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar ends on firm note

THE DOLLAR finished towards its best level of the week in currency markets yesterday, helped by a larger than expected expansion package from Japan and nervousness ahead of the economic summit in Venice.

A Y6,000bn fiscal package announced by the Japanese Government was more than expected and tended to underpin the US unit. It closed at DM 1.8245 from DM 1.8160 and Y144.0 compared with Y143.40. Elsewhere it rose to SFr 1.5120 from SFr 1.5055 and FFr 6.0875 compared with FFr 6.0550. On Bank of England figures, the dollar's exchange rate index rose to 101.9 from 101.7.

Sterling also finished on a firmer note as the market regained some of its poise after a heavy sterling fall earlier in the week. Confidence was restored by a further strong performance by the Conservative Party in the latest opinion polls.

The pound rose to $1.63 from $1.626 and DM 2.9750 from DM 2.9525. It was also higher against the yen at Y234.75 from Y233.25. Elsewhere it rose to SFr 2.4650 from SFr 2.4475 and FFr 9.9225 from FFr 9.8450. On Bank of England figures, the pound's exchange rate index rose to 72.7 from 72.5.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. April average 1.8112. Exchange rate index 146.6 against 143.9 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was quoted at DM 1.8215 compared with 1.8233 on Wednesday. Trading patterns were erratic with some speculators content to take profits after the dollar's recent sharp rise while others were cautious ahead of the weekend and signs of dollar stability after its recovery from previous lows.

Much of the lack of agreement stemmed from proximity of the economic summit in Venice starting on June 8 and there were divided opinions as to how much or little was likely to be achieved.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. April average 142.86. Exchange rate index 221.9 against 204.6 six months ago.

Improved dollar sentiment pushed the dollar firmer in Tokyo. The US unit closed at Y144.15 up from Y143.45 in New York and Y143.50 in Tokyo on Thursday. Short covering ahead of the weekend boosted the US unit as speculators reacted to news of a Y6,000bn programme to stimulate the Japanese economy. Continued buying of dollars by Japanese investment houses in order to purchase foreign bonds also added to the US unit's firmer undertone.

£ IN NEW YORK

May 29	Latest	Previous Close
£ Spot	1.6130-1.6140	1.6280-1.6290
1 month	0.17-0.15 pm	0.23-0.22 pm
3 months	0.44-0.40 pm	0.66-0.63 pm
12 months	1.00-0.90 pm	1.65-1.55 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	May 29	Previous
8.30 am	72.5	72.4
9.00 am	72.5	72.4
10.00 am	72.5	72.4
11.00 am	72.6	72.4
Noon	72.5	72.4
1.00 pm	72.5	72.5
2.00 pm	72.5	72.5
3.00 pm	72.5	72.4
4.00 pm	72.7	72.5

CURRENCY RATES

May 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79125	0.704503
U.S. Dollar	5.5	1.2866	1.13941
Canadian $	7.90	*	1.53615
Austrian Sch.	4	N/A	14.5890
Belgian Franc	7¾	"	42.9717
Danish Krone	7	"	7.80506
Deutsche Mark	3.0	2.3435	2.07393
Neth. Guilder	4½	N/A	2.33570
French Franc	9½	7.8140	6.91939
Italian Lira	11.5	N/A	1498.16
Japanese Yen	2½	185.27	163.961
Norway Krone	8	N/A	7.70183
Spanish Peseta	—	"	144.819
Swedish Krona	7½	"	7.23989
Swiss Franc	3.5	"	1.72051
Greek Drach.	20½	"	154.949
Irish Punt	—	"	0.774857

*CS/SDR rate for May 28: 1.73376
Please note all SDR rates for May 27 Except US Dollar, Sterling and Japanese Yen

CURRENCY MOVEMENTS

May 29	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.7	N/A
U.S. Dollar	101.9	"
Canadian Dollar	77.3	"
Austrian Schilling	137.5	"
Belgian Franc	100.0	"
Danish Krone	93.0	N/A
Deutsche Mark	146.6	"
Swiss Franc	172.4	"
Guilder	134.9	"
French Franc	71.5	"
Lira	47.3	N/A
Yen	221.9	"

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

May 29	£	$
Argentina	2.2620-2.6375	1.6160-1.6220
Australia	2.2810-2.2840	1.4035-1.4045
Brazil	54.9690-55.2775	33.8270-33.9960
Finland	7.1755-7.1960	4.4200-4.4220
Greece	218.73-222.56	134.81-137.09
Hong Kong	12.6860-12.7045	7.8070-7.8085
Iran	115.80*	71.15*
Korea (Sth)	1333.60-1345.65	818.80-826.40
Kuwait	0.45210-0.45260	0.27815-0.27825
Luxembourg	61.55-61.65	37.75-37.85
Malaysia	4.0560-4.0660	2.4960-2.4990
Mexico	2045.85-2068.30	1259.00-1272.00
N. Zealand	2.8215-2.8290	1.7355-1.7385
Saudi Ar.	6.0950-6.1000	3.7495-3.7505
Singapore	3.4425-3.4560	2.1185-2.1215
S. Af. (Cm)	3.2765-3.2950	2.0180-2.0220
S. Af. (Fn)	5.4185-5.8060	3.3330-3.5715
Taiwan	51.30-51.55	31.50-31.60
U.A.E.	5.9695-5.9750	3.6725-3.6735

*Selling rate

POUND SPOT—FORWARD AGAINST THE POUND

May 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6185-1.6310	1.6295-1.6305	0.25-0.22c pm	1.73	0.65-0.60 pm	1.53
Canada	2.1740-2.1845	2.1807-2.1845	0.16-0.06c pm	0.60	0.34-0.21 pm	0.50
Netherlands	3.33¼-3.35½	3.34½-3.35½	1⅛-⅞c pm	3.58	3¼-3 pm	3.73
Belgium	61.20-61.65	61.55-61.65	13-8c pm	2.05	34-26 pm	1.95
Denmark	11.12¾-11.19½	11.18½-11.19½	¼-1½ore dis	−1.21	2¼-3⅝ dis	−1.14
Ireland	1.1030-1.1115	1.1070-1.1080	0.16-0.24 c dis	2.17	0.43-0.68 pm	−2.00
W. Germany	2.95¾-2.98	2.97-2.98	1⅜-1¼pf pm	5.04	3⅞-3⅝ pm	5.04
Portugal	229.25-232.10	231.11-232.06	104-155c dis	−6.71	328-413 dis	−6.40
Spain	206.50-207.00	206.69-206.98	78-112c dis	−5.51	212-312 dis	−5.07
Italy	2134½-2147½	2146½-2147½	1-4 lire dis	−1.40	2-9 dis	−1.02
Norway	10.94¾-11.00¼	10.99¼-11.00¼	4⅜-5⅛ ore dis	−5.18	14⅛-15 dis	−5.30
France	9.86¼-9.92¾	9.91¾-9.92¾	⅞-⅜ c pm	0.76	1⅞-1⅜ pm	0.60
Sweden	10.30¼-10.35½	10.34½-10.35½	¼-⅝ ore dis	−0.51	1¼-2⅞ dis	−0.80
Japan	233¾-235¼	234¼-235¼	1⅛-⅞ y pm	5.11	3⅛-2¾ pm	5.01
Austria	20.75-20.90	20.83-20.86	9-7⅞ gro pm	4.86	24⅞-22¼ pm	4.56
Switzerland	2.45½-2.47	2.46-2.47	1⅛-⅞ c pm	4.87	3⅛-2⅞ pm	4.87

Belgian rate is for convertible francs. Financial franc 61.70-61.80 Six-month forward dollar 1.00-0.95 c pm. 12-month 1.60-1.50c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

May 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6185-1.6310	1.6295-1.6305	0.25-0.22c pm	1.73	0.65-0.60 pm	1.53
Ireland†	1.4655-1.4715	1.4685-1.4695	0.55-0.50c pm	4.29	1.42-1.32 pm	3.73
Canada	1.3380-1.3420	1.3380-1.3390	0.12-0.15c dis	−1.21	0.34-0.37 dis	−1.06
Netherlands	2.0485-2.0580	2.0550-2.0560	0.33-0.30c pm	1.84	1.13-1.08 pm	2.16
Belgium	37.65-37.85	37.75-37.85	2pm-0dis	0.32	5-2 pm	0.37
Denmark	6.84¼-6.87¾	6.86¼-6.86¾	0.95-1.65ore dis	−2.28	3.75-4.45 dis	−2.39
W. Germany	1.8165-1.8275	1.8240-1.8250	0.50-0.47pf pm	3.20	1.60-1.55pm	3.46
Portugal	141¼-142¾	142¼-142¾	60-110c dis	−7.18	230-300 dis	−7.46
Spain	126.95-127.45	127.10-127.20	70-120c dis	−8.96	140-190 dis	−5.19
Italy	1313-1319	1316¼-1317¼	0.27-0.37lire dis	−0.29	0.70-1.00dis	0.25
Norway	6.74-6.77	6.74½-6.75	3.80-4.30ore dis	−7.20	11.75-12.25dis	−7.11
France	6.06¼-6.09	6.08¾-6.09¼	0.42-0.52c dis	−0.93	1.40-1.60 dis	−0.99
Sweden	6.34¼-6.36¾	6.34¾-6.35¼	0.95-1.15ore dis	−1.99	3.30-3.70 dis	−2.21
Japan	143.65-144.45	143.5-144.5	0.42-0.38yen pm	3.33	1.27-1.22 pm	3.46
Austria	12.75½-12.85½	12.81-12.81½	3.50-3.10gro pm	3.09	10.00-9.00pm	2.97
Switzerland	1.5065-1.5170	1.5115-1.5125	0.38-0.34c pm	2.86	1.27-1.23 pm	3.31

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.85-37.95

EURO-CURRENCY INTEREST RATES

May 29	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	8⅞-9	8¹³⁄₁₆-8¹⁵⁄₁₆	8⅞-9	8¹³⁄₁₆-8¹⁵⁄₁₆	8¹³⁄₁₆-8¹⁵⁄₁₆	9⅟₁₆-9³⁄₁₆
U.S. Dollar	6⁵⁄₁₆-6⁷⁄₁₆	6⁵⁄₁₆-6⁷⁄₁₆	7⅛-7¼	7¼-7⅜	7⁷⁄₁₆-7⁹⁄₁₆	7¹³⁄₁₆-8⅟₁₆
Can. Dollar	8¼-8½	8-8¼	7⅞-8⅛	8⅛-8⅜	8⁵⁄₁₆-8⁹⁄₁₆	8⅞-9⅛
D. Guilder	5⅛-5¼	5⅛-5¼	5⅟₁₆-5³⁄₁₆	5⅟₁₆-5³⁄₁₆	5⅛-5¼	5⅛-5¼
Sw. Franc	2¼-2½	2⅝-2⅞	4¼-4⅜	3⅞-4	3⅞-4	3⅞-4
Deutschmark	3⅞-4	3¾-3⅞	3¾-3⅞	3¾-3⅞	3¾-3⅞	3⅞-4
Fr. Franc	7⅞-8	7¹⁵⁄₁₆-8⅟₁₆	8-8⅛	8⁵⁄₁₆-8⁷⁄₁₆	8⅜-8½	8⅝-8¾
Italian Lire	9-11	9-10	9⅞-10½	9¾-10¼	9¾-10¼	10½-11
B. Fr. (Fin.)	6⅞-7	6¹⁵⁄₁₆-7⅟₁₆	6¹⁵⁄₁₆-7⅟₁₆	7-7⅛	7⅟₁₆-7³⁄₁₆	7⅜-7½
B. Fr. (Con.)	6⅞-7⅛	6⅞-7⅛	6⅞-7⅛	7-7¼	7⅛-7⅜	7¼-7½
Yen	4¼-4⅞	4⅛-4³⁄₁₆	4-4⅟₁₆	3⅞-3¹⁵⁄₁₆	3⅞-3¹⁵⁄₁₆	3¹⁵⁄₁₆-4
D. Krone	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9¾-10⅛	10-10½
Asian $Sing.	5-5½	N/A	4⅝-4¾	4⅝-4¾	4⅝-4⅞	4¾-4⅞

Long-term Eurodollars: Two years 8½-8¾ per cent; three years 8¾-9 per cent; four years 8⅞-9⅛ per cent; five years 9-9¼ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

May 29	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.638	2.975	234.8	9.923	2.465	3.350	2147.	2.183	61.60
$	0.613	1.	1.825	144.0	6.087	1.512	2.055	1317.	1.339	37.79
DM	0.336	0.548	1.	78.91	3.335	0.829	1.126	721.7	0.734	20.71
YEN	4.268	6.944	12.67	1000.	42.27	10.50	14.27	9146.	9.298	262.4
F Fr.	1.008	1.643	2.998	236.6	10.	2.484	3.376	2164.	2.200	62.08
S Fr.	0.405	0.661	1.207	95.23	4.025	1.	1.359	871.0	0.885	24.99
H Fl.	0.299	0.487	0.888	70.07	2.962	0.736	1.	640.9	0.652	18.39
Lira	0.466	0.759	1.386	109.3	4.622	1.148	1.560	1000.	1.017	28.69
C $	0.458	0.747	1.363	107.6	4.546	1.129	1.535	983.7	1.	28.22
B Fr.	1.623	2.646	4.830	381.1	16.11	4.002	5.438	3485.	3.543	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Election upsets trading

TRADING CONDITIONS in the London money market were rather difficult yesterday as proximity of the general election created distortions in the flow of short term liquidity. Upward pressure over the last few weeks on sterling followed by a sharp downturn earlier this week tended to upset short term liquidity projections as the Bank of England was active both suppressing and supporting the pound.

UK clearing bank base lending rate 9 per cent since May 8

Yesterday's larger than expected shortage caught most people by surprise, suggesting that assistance for sterling earlier in the week was larger than expected. In addition the large number of short dated bills bought by the authorities to alleviate the shortage will undoubtedly upset projections for next week, placing as it does a greater number of bills maturing in official hands.

Weekend interbank money opened at 9-8⅞ per cent and moved up to 11 per cent before coming back to 7½ per cent. However late balances were bid up to 8½ per cent. Three-month interbank money finished at 8¹³⁄₁₆-8¹¹⁄₁₆ per cent compared with 8¹³⁄₁₆-8⅞ per cent on Thursday.

The Bank of England forecast a shortage of around £1,450m with factors affecting the market including repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £896m and Exchequer transactions a further £235m. In addition banks brought forward balances £30m below target and there was a rise in the note circulation of £265m.

The latest figures should not be the problem for the Conservatives that the trade news was for the Labour Party in 1970, when the Tories came through for a surprise election win.

Three-month sterling interbank rose above 9 per cent at one time, before finishing the week at around 8⅞ per cent, compared with 8¹³⁄₁₆ per cent on the previous Friday.

Three-month sterling deposit futures on Liffe showed nervousness for June delivery, ahead of the election, but strengthened in the longer September and December months, suggesting the market remains confident about a further period of Tory rule.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 29) 3 months U.S. dollars		6 months U.S. dollars	
bid 7¼	offer 7⅜	bid 7½	offer 7⅝

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

May 29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.00-4.50	3.65-3.75	3.65-3.75	3.65-3.75	3.65-3.80	5.0
Paris	7¹¹⁄₁₆-7⅞	8-8¼	8⅟₁₆-8³⁄₁₆	8⅛-8¼	8³⁄₁₆-8⁵⁄₁₆	7¾
Zurich	⅞-1⅛	4-4¼	—	3¾-4	—	—
Amsterdam	5⅛-5¼	5⅛-5¼	—	5⅛-5¼	—	—
Tokyo	3.21875	3.78125	—	3.65625	—	—
Milan	10¼-10⅞	10⅞-11⅛	—	10½-11	—	—
Brussels	3.55	6¹⁵⁄₁₆-7⅟₁₆	—	7-7⅛	—	—
Dublin	11¼-11½	11⅛-11⅜	11⅛-11⅜	11⅛-11¼	10¾-11	—

LONDON MONEY RATES

May 29	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-7½	9⅛-8¹³⁄₁₆	9-8⅞	9-8¹³⁄₁₆	9-8¾	9⅛-8¹⁵⁄₁₆
Sterling CDs	—	—	8¹³⁄₁₆-8¹¹⁄₁₆	8¹³⁄₁₆-8¹¹⁄₁₆	8¹³⁄₁₆-8¹¹⁄₁₆	8⅞-8¾
Local Authority Deposits	8⅞	8⅞	8¾	8¾	9	9
Local Authority Bonds	—	—	8¹³⁄₁₆	9	9⅛	9¼
Discount M'ket Deposits	9¼-8	8¾	8¾	8½	—	—
Company Deposits	9-8⅞	9⅛	9⅛-8¹³⁄₁₆	9	9⅛	9⅛
Finance House Deposits	—	—	9	9	9	9¼
Treasury Bills (Buy)	—	—	8¹¹⁄₁₆	8¹¹⁄₁₆	—	—
Bank Bills (Buy)	—	—	8⅞	8⅝	8½	—
Fine Trade Bills (Buy)	—	—	9½	8¹³⁄₁₆	8¹³⁄₁₆	—
Dollar CDs	—	—	7.05-7.00	7.25-7.20	7.50-7.45	8.05-8.00
SDR Linked Deposits	—	—	6⅛-5¹⁵⁄₁₆	6¼-6	6⅜-6⅛	6¹¹⁄₁₆-6⁷⁄₁₆
ECU Linked Deposits	—	—	6¹³⁄₁₆-6⁹⁄₁₆	6⅞-6⅝	7-6¾	7⅛-7

Treasury Bills (sell): one-month 8⅝ per cent; three-months 8¹¹⁄₁₆ per cent; Bank Bills (sell): one-month 8¹¹⁄₁₆ per cent; three months 8⁹⁄₁₆ per cent; Treasury Bills; Average tender rate of discount 8.4947 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29, 1987. Agreed rates for period June 24 to July 25, 1987, Scheme I: 10.54 p.c., Schemes II & III: 10.12 p.c. Reference rate for period May 1 to May 29, 1987, Scheme IV: 8.873 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from May 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 9 per cent; six-nine months 9⅛ per cent; nine-12 months 9¼ per cent; Under £100,000 8 per cent from May 28. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Strong rise in equities on election optimism

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 11	May 28	May 29	Jun 8
Jun 1	Jun 11	Jun 12	Jun 22
Jun 15	Jun 25	Jun 26	July 6

* New time dealings may take place from 9.00 am two business days earlier.

The UK stock market chalked up a near-record daily gain in index point terms yesterday, as domestic investors responded strongly to opinion poll indications of a marked improvement in the Thatcher Government's prospects for re-election on June 11. The FT-SE 100 index climbed by 45 points, regaining the 2,200 territory and closing within 12 points of its peak.

The City believes that a Government election victory would trigger off a renewed burst of demand for UK securities by the overseas, and specifically, Japanese investment funds. Foreign buying of UK equities was modest yesterday but gains of nearly one point in Government bonds indicated overseas interest. Both sectors also continued to respond to Thursday's news of better-than-expected UK trade figures for last month.

Equities opened 20 FT-SE points up and quickly extended their gains. Prices peaked at mid-afternoon, however, and slipped off the top as the market moved into the new trading account which spans Election Day.

At the close, the FT-SE 100 was up 45.6 at 2,203.0, aftr its mid-session gain of 48.9 had just exceeded the previous daily record. The FT Ordinary index gained 33.9 to 1,712.1.

Buyers concentrated on the recent privatisation issues, regarded as election-sensitive, and on stocks known to attract foreign investors. There was brisk turnover, and sharp rises, in **British Telecommunications** and **British Gas**.

Rolls-Royce, however, shaded lower on worries that overseas holdings may have exceeded the 15 per cent level imposed at the public launch, and will need to be trimmed.

Among the multi-national stocks, **Glaxo**, long favoured by Japanese investors, rose dramatically, and **Fisons, Jaguar** and **Imperial Chemical Industries** also led the market advance.

Optimism regarding the outlook for consumer spending brought gains in brewery and food shares, as well as in stocks linked to the higher spending are of the consumer markets. **Bass** and **Dixons** found ready buyers.

Bank shares, having been unsettled this week by the international loan provisions by US banks and Mopopolies Commission challenge on domestic credit cards, joined in the general recovery.

Gilt-edged, more cautious than equities at first, ended the session in good form after both domestic and foreign buyers helped prices to move up by around one point. Gains were checked at noon by a brief turndown in bond futures as London traders unwound bull positions taken overnight.

Both sectors closed confidently, although traders commented that the short term outlook remains tied to the pre-election opinion polls—three major polls are due over the weekend.

Beecham moved up 14 to 545p as the company announced restructuring moves concerning its consumer products operations in Australia and New Zealand.

The volume of business was relatively light (some 2.2m shares changed hands) but buyehs were still showing interest ahead of the preliminary figures

Meanwhile, **Fisons** took a turn for the better at 346p, up 9. Barclays de Zoette Wedd analysts suggest that market worries prompted by talk of a dull initial showing from the company's Tilade drug are unfounded and that the recent setback in the share price provides an excellent buying opportunity.

Pilkington, the St Helens based glass manufacturer, continued in demand ahead of the preliminary figures scheduled for June 10 and gained 23 more 878p.

Earlier this year, **Pilkington** successfully fought off a bid from BTR after making a profits forecast for the full year of £250m pretax.

The bank sector shrugged off the recent bout of weakness that followed news of the Monopolies Commission investigation into profits from credit card operations and Chase Manhattan's move to follow Citicorp in making substantial provisions against third world debts.

Widespread domestic buying interest for the new account was mainly directed towards NatWest — regarded as having the least exposure to third world debt of the big four clearers — and the shares raced up 14 to 667p. **Lloyds**, which has suffered badly as a result of foreign debt worries, rallied 13 to 523p, while **Midland** picked up 4 to 642p and **Barclays** hardened a couple of pence to 535p.

Insurances made progress across the board. **Sturge Holdings** advanced 11 to a year's best of 465p on news of the proposed acquisition of the agency underwriting business of Bellew Parry and Raven. Life issues were highlighted by **Legal and General**, 11 up at 309p; dealers said the shares had underperformed recently. **C. E. Heath**, which goes ex div on Monday, spurted 13 to 513p while Press suggestions that the company may sell its insurance broking unit lifted **Hogg Robinson** 6 to 451p.

The prevailing buoyant market conditions ensured that record group **Pickwick** realised an expected premium of some 60p in the first-time dealings; the shares, placed at 125p, opened at 187p and moved between 190p and 180p prior to closing at 188p. **Rolls-Royce**, however, in which some 20m were traded, settled 3 cheaper at 134p, a two-day fall of 9.

Along with other consumer-based sectors, Breweries presented an extremely buoyant appearance. Business was often described as "thin," however, but **Bass** retained an advance of 28 to 992p. **Allied-Lyons** rose 13 to 443p ahead of the group's jaunt for the City to its North American operations. Dealers also reported steady demand for **Whitbread "A,"** 7 up at 340p, and for **Scottish and Newcastle**, 4 firmer at 244p. Regionals featured **Wolverhampton and Dudley**; having been the pick of the bunch which reported on Thursday, Wolves' shares rose 10 to 361p as brokers adopted an encouraging outlook. BZW have raised their forecast for the full-year to £22m.

Leading Buildings finished the extended Account with a flourish. **Blue Circle**, which announced the sale of a New Zealand subsidiary earlier in the week, rose 11 more to 907p; the company's AGM is scheduled for next Tuesday and a meeting with institutions is expected to take place on Wednesday. **Redland** attracted fresh demand in the wake of the excellent annual results and gained 12 more to 518p, while **RMC**, after a lively business, settled 13 higher at 927p. **Tarmac** were again in demand at 565p, up 11, while **Meyer International** firmed 7 more to 422p ahead of figures due soon. Late support lifted **BPB** 28 to 775p. Among secondary issues, **Stanley Miller** attracted renewed speculative demand at 133p, up 10, while **Wiggins** put on 5 to 216p. **Raine Industries**, the subject of option activity earlier in the week firmed 3 to 129p.

ICI were a strong market and closed ⅝ higher at £14¼. **Laporte** were better at 485p following the chairman's optimistic statement at the annual meeting. **W. Canning** found support at 247½p, up 12½, while **Brent Chemicals International** revived strongly with a gain of 15 at 204p.

Demand for consumer-orientated issues was well illustrated by leading Stores. **Dixons**, 389p, and **Burton**, 321p, put on around 13 apiece, while **Storehouse**, expected to reveal taxable profits of some £125m next Tuesday, closed 7 up at 317p. **GUS "A"** advanced ¼ to £14⅛, while **Marks and Spencer** rose 11 to 252p. The main exception to the trend was **Next** which dipped another 10 to 332p in the wake of **Ratners'** withdrawal from the battle for **Combined English Stores**, 9 lower at 401p. Ratners, however, rallied 5 to 360p as observers remained convinced that Gerald Ratner made the correct move in not chasing his target. Thoughts that the proceeds of the £82m rights issue might be used to purchase another retail chain prompted excitement in **Ernest Jones**, finally 27 to the good at 168p. **Acsis Jewellery** closed 6 up at 30p. **Ladies Pride** rose 11 to 99p anticipating further moves by the boarding party which recently failed to gain boardroom representation.

Electricals made rapid progress and were featured by the sustained strength of **British Telecom** which, labelled as "seriously undervalued" by Kleinwort Grieveson, spurted 12 to 312p, after a turnover of 14m shares.

Plessey rallied well after the mild disappointment that followed the preliminary results and the shares moved up 6½ to 210p; Morgan Grenfell rate the shares a buy for income and the longer term.

Amstrad jumped 16 to 223½p in a big trade of 14m shares with market makers reporting a bear squeeze as responsible for the sharp rise. Other firm spots in the sector included **STC**, also recommended by Morgan Grenfell, up 8 at 305p. **Cable & Wireless**, which rose 12½p to 405p and **GEC**, 2 harder at 230p. Press comment encouraged support for **International Signal**, 4 to the good at 273p.

Elsewhere, **Alphameric** leapt 30 to 391p following the £3.8m order from Coral Racing and the prospect of more to come. **Thermal Scientific** jumped 15 to 285p in the wake of the £9m US acquisition and the estimated 73 per cent increase in profits. **CPU Computers** rose 10 to 82p amid takeover speculation, but profit-taking lowered **MTT Computing** 80 to 575p. **Phicom**, where Robert Fleming recently masterminded the change of management, added 4 to 70p.

The expected failure of the bid from Sunleigh left **Dale Electric** 13 lower at 108p.

The Engineering leaders failed to participate in the marked upturn, rises being limited to a few pence. Among the occasional movements elsewhere in the sector, comment on the recent figures directed further buying attention to **Deritend** which advanced 19 to 327p, while **Castings**, also the subject of Press mention, advanced 17 to 155p.

Foods proved to be one of the market's brightest sectors. Although share prices edged off best levels towards the close, selected Retailers still retained double-figure gains. The continued bear squeeze in Mr Jimmy Gulliver's **Argyll Group** lifted the shares 18 more to 472p, while **Tesco**, again said to be in receipt of Japanese support, put on 7 to 529p. **J. Sainsbury** advanced 17 to 541p despite cautious notes from Warburg Securities and Morgan Grenfell.

Buyers displayed renewed enthusiasm for **Hillsdown**, finally 12 up at 285p amid hopes of a substantial profits contribution from its Canadian subsidiary Clearwater Fine Foods following its recent expansion via the purchase of the Blades Group. **Associated Fisheries** hardened 7 more to 210p — a two-day gain of 22, in response to the 60 per cent upturn in interim profits. **Rowntree Mackintosh**, still drawing strength from a broker's recommendation, hardened 7 to 525p, while demand was also evident for **Northern Foods**, 300p and **Hazlewood**, 25p up 8 and 10 respectively. **Bothwicks** rose 5 to 112p ahead of Monday's preliminary figures; Chase Manhattan Securities forecast pre-tax profits of around £2.25m.

Speculation of an imminent move by **Associated British Foods** again surrounded **S. & W. Berisford** which improved 2 further to 383p. ABF put on 6 to 394p.

Boots came to life following comment on the annual results and advanced 12 to 310½ in a volume of some 5.6m shares. Among the other miscellaneous industrial leaders, **BTR** were also reasonably lively (3.7m shares) and closed with a gain of 18 at 332p. **Hanson Trust**, scheduled to reveal interim figures next Tuesday, improved 3½ to 170p. Elsewhere, **Nash Industries** responded to the acquisition of a 30 per cent holding in Wisoak Group, a residential and commercial property company, by rising 37 to 267p. **Reuters**, still reflecting the launch of the new Equities 2000 quotation service, gained 9 further to 748p, but **Lep Group** eased 4 more to 170p after cautious comment on the annual results. **Smiths Industries** revived with a gain of 16 at 328p, while **Pentland Industries** were also noteworthy for a gain of 25 at 708p. **Kennedy Smale** closed 8 better at 213p following the good preliminary figures and proposal to raise £3.25m via a rights issue. Buyers favoured **London International**, 12 to the good at 296p, while the other anti-Aids stock, **Wellcome**, improved 3 further to 465p. In contrast, **British Aerospace** met with late selling on talk of a brokers downgraded profits forecast and dipped 16 to 592p.

The recent cloud over **Jaguar** dispersed, helped by US reports of a highly successful launch of the new XJ40 series. Volume was not especially heavy but the shares made headway with other internationals to end 8 up at 542p. Further buying at a premium rate for the trading Account beginning on Monday lifted **Airflow Streamlines** to 102p before a close of 7 higher on balance at 101p; the preliminary statement is due on Monday. **Spice**, also expected to announce half-year results shortly, gained 10 more to 196p. Among Distributors, **T. Cowie** rose 15 further to 548p but **Godfrey Davis** slipped 5 to 169p; **Govett Strategic IT** has increased its stake in the latter to nearly 10 per cent.

William Collins issues were bought after yesterday's annual meeting, the Ordinary gaining 29 to 688p and the "A" 25 to 585p. Withdrawal of the offer for US published Harcort Brace Jovanovich left **BPCC** 14 lower at 297p, while **FKB** lost 10 to 350p awaiting Monday's annual results. On a brighter note, high-flier **Delyn Packaging** rebounded 75 to 600p and **Ault & Wiborg** rose 18 to 330p.

Persistent demand forced the Property leaders higher with **Land Securities** rising 18 to 514p and **MEPC** 14 to 468p. Elsewhere, **Great Portland Estates** recovered from a recent bout of weakness to close 6 dearer at 291p, while **Chesterfield** rose 10 to 635p following the results. **London and Edinburgh** were in demand at 800p, up 32, while **Rosehaugh** put on 21p to 949p. **Regentcrest** attracted support on expansion hopes and rose 22 to 148p, while **Southend Stadium** gained 30 more to 763p. **Shield Group** settled a shade easier at 360p after details of the £7.5m acquisition of estate agents Stickley and Kent.

P&O went better with other blue chip issues, gaining 10 to 687p, while **Walter Runciman** resumed the rerating since the annual figures, announced earlier in the month, to finish 17 higher at 263p.

The Textile sector missed out in the broad advance. **Drummond** spurted 12 higher to 208p but there were few other bright features. **Sirdar** came under some selling pressure and lost 5 to 139p.

Far Eastern-orientated Investment Trusts followed domestic market higher, with the majority scoring good gains. Leading UK Trust, **Globe**, improved to 167½p reflecting comment on Thursday's good results, while **Dundee & London** moved up 9 to 296p and **Gresham House** advanced 15 to 475p.

Miscellaneous Financial issues were mixed with **Argyle Trust** slipping 7 to 161p on end-Account profit-taking. **Johnson Fry** shed the previous session's rise and more, at 260p, but **National Home Loans** improved 8 further to 173p.

British Gas staged a strong revival and closed 10 higher at 119p; some 38m shares were traded. Elsewhere in the Energy sector, **Britoil** picked up 12 at 278p, while **Ultramar** rose 8 to 228p. **BP** moved up 8 to 354p and **Shell** hardened ⅛ to £13⅛. **Energy Capital** gained 16 to 59p on speculative demand.

Another strong performance by the underlying securities boosted activity in Traded Options with 75,545 contracts struck—52,844 calls and 22,701 puts. **British Gas** positions were particularly popular and attracted 9,871 calls and 4,314 puts. Operators also came in for **British Telecom** and **Hanson Trust** which contributed 5,119 and 4,742 calls respectively.

FINANCIAL TIMES STOCK INDICES

	May 29	May 28	May 27	May 26	May 22	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	92.43	92.02	91.31	91.37	92.07	91.60	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.06	97.87	97.32	97.57	97.40	96.89	98.54 (13/5)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,712.1	1678.2	1674.1	1677.8	1686.7	1,321.2	1,719.0 (19/5)	1,320.2 (2/1)	1,719.0 (19/5/87)	49.4 (26/6/40)
Gold Mines	388.6	390.5	404.0	422.3	434.0	215.1	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.38	3.44	3.44	3.41	3.40	4.19				
Earnings Yld.%(full)	8.11	8.26	8.25	8.20	8.09	10.38				
P/E Ratio (net) (*)	15.17	14.89	14.92	15.02	15.20	11.79				
SEAQ Bargains (5 pm)	53,598	39,986	38,082	43,987	43,740	—				
Equity Turnover (£m)	—	1,315.17	1153.10	1286.86	1466.05	707.84				
Equity Bargains	—	47,174	48,644	58,309	60,007	28,054				
Shares Traded (ml)	—	508.2	509.8	661.9	675.5	335.4				

S.E. ACTIVITY

Indices	May 28	May 27
Gilt Edged Bargains	143.1	140.4
Equity Bargains	305.7	315.2
Equity Value	2658.3	2330.7
5-Day Average		
Gilt Edged Bargains	127.0	123.7
Equity Bargains	372.23	413.4
Equity Value	2789.3	3011.0

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
—	1695.3	1699.8	1699.4	1703.4	1706.1	1712.0	1714.9

Day's High 1715.7. Day's Low 1690.9. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil=14.87.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*446)	390	54	68	82	4	80	15
	420	32	48	57	12	18	23
	460	14	23	33	37	40	47
Brit. Airways (*158)	140	20	26	35	5	92	12
	160	8½	17	25	15	18	25
[illegible]							

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Guinness (*358)	280	88	95	—	1½	3	—
	300	68	78	—	3	7	—
	330	45	57	65	7	15	18
	360	27	37	47	20	25	30
Ladbroke	373	73	—	—	4	—	—
[illegible]							

May 29. Total Contracts 75,545. Calls 52,844. Puts 22,701
FT-SE Index Calls 2,371. Puts 2,558
*Underlying security price.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (215)

AMERICANS (5), BANKS (3), BREWERS (5), BUILDINGS (14), CHEMICALS (4), STORES (10), ELECTRICALS (13), ENGINEERING (8), FOODS (5), HOTELS (2), INDUSTRIALS (40), INSURANCE (2), LEISURE (9), MOTORS (3), NEWSPAPERS (2), PAPER (8), PROPERTY (14), SHIPPING (2), TEXTILES (1), TOBACCOS (1), TRUSTS (53), OILS (4), OVERSEAS TRADERS (2), MINES (3).

NEW LOWS (8)

CHEMICALS (1), Novo Inds. "B", STORES (1), Cantors, INDUSTRIALS (2), Electrolux, Fertil-A-Chron, PAPERS (1), Ferry Pickering, TRUSTS (2), India Fund, Clayton Robard.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the relevant date.

‡ Bargains at special prices. Φ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included 10

London County2½% Cons Stk 1920(or after) - £25¼
Greater London Council6¾% Stk 90/92 - £92¾ 3 4¼
Birmingham Corp3% Stk 1947(or after) - £25 (22My87)
Birmingham District Council11½% Red Stk 2012 - £117 (27My87)
Bristol(City of)11¾% Red Stk 2008 - £116 (22My87)
Croydon Corp3½% Stk - £27 (22My87)
Hull Corp3½% Stk(2nd Iss) - £25 (27My87)

Hill Samuel Group PLC8% Uns Ln Stk 89/94 - £92 ½ 3¾
Lombard North Central PLC5% Cum 2nd Prf £1 - 46
Mercury International Group PLC7¾% Cum Prf £1 - 102
Midland Bank PLC7½% Subord Uns Ln Stk 83/93 - £88 ¾ (27My87)
10¾% Subord Uns Ln Stk 93/98 - £103¾
14% Subord Uns Ln Stk 2002/07 - £127
National Westminster Bank PLC7% Cum Prf £1 - 66
9% Subord Uns Ln Stk 1993 - £101¾
12½% Subord Uns Ln Stk 2004 - £117¾ 8¾
Royal Bank of Scotland Group PLC5½%

British Amer Tobacco Investm PLC10% Uns Ln Stk 90/95 - £99Φ

SPECIAL LIST

RULE 534 (4) (a)

Bargain marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

ACI Intl 165Φ (26/5)
Aberfoyle 260 (26/5)
Acmex Hldgs 300 (26/5)
Acorn Secs 87Φ 92Φ 7Φ 100Φ 89 90 1¼‡ 2 3 4‡ 5 A$1.988
Airship Inds 52Φ 3Φ 5Φ 48 9½ 50 3 5 A$1.007
Alkane Exploration 14Φ
Allstate Explorations A$1.55
Amatil 330Φ
Amber Gold A$0.486 (27/5)
American Business Products $28¼Φ
American Barrick Res Corp Com npv £21-Φ‡ 21⅛
Amsterdam-Rotterdam Bank Fl74
Arcadia Minerals 12Φ
Aust Develop 215 (27/5)
Aust Oil & Gas 96 (26/5)
Aust Pacific Res A$0.88 1.09 (26/5)
Beach Pet 33Φ 4Φ (22/5)
Black Hill Mins 20Φ 1Φ
Bligh Oil & Mins 48
Bukit Sembawang 70Φ
Burwill Int HK$1.395 (27/5)
CSF (Thomson—CSF) Fr 1530Φ Fr 1525
Centaur Mining & Exploration A$3.468Φ 3.567 (22/5)
Central Norseman Gold Mines A$2¼ (27/5)
Central Victoria Gold Mines 4 (22/5)
Coal & Allied Industries 160Φ
Comdial Corp 190Φ (26/5)
Conex Aust 4½ 5½ (27/5)
Cons Res 2½ (26/5)
Coopervision Inc Com $14⅞Φ 15Φ (22/5)
Development Bank of Singapore S$14.157
Du Pont (EI) De Nemours $111¼Φ (27/5)
Epoch Mins Exploration A$0 42 A$0.598
Equity Silver Mines 510 (27/5)
Forest Laboratories £16¼ (22/5)
Generale Occidentale Fr 1110 Φ 20Φ (22/5)
Geometals 23
Golconda Minerals 58Φ
Gold Copper Exploration A$0.35Φ (22/5)
Golbelt Mines C$3.2 (22/5)
Golden Valley Mines A$1.2 (26/5)
Grants Patch Mining A$0.9 (27/5)
Great Eastern Mines A$0.272 (22/5)
Greenbushes Tin 47 (27/5)
Hang Lung Development HK$13.344 (27/5)
Haoma North West 9 (27/5)
Hill 50 Gold Mines A$1.47
HK-TVB 100½Φ
Hunter Resources 65Φ
Hysan Development 7¼ HK$1.026 (27/5)
Invincible Gold NL Ord A$0.30 (A$0.20) 32 5
Jamex Resources 45Φ (27/5)
Jones (David) A$10.545 (22/5)
Jones Mining (A$0.20) 32Φ (27/5)
Kalgoorlie Resources 8Φ (26/5)
Kay Corp $13½Φ
Keystone International 525Φ (27/5)
Kuala Sidim Rubber 43Φ
Kulim Malaysia 4Φ
Kulim Malaysia (Malay reg) 160
Little River Gold Mines 110
Malaysian Airline System M$6.65
Marco Resources 200 (22/5)
Matsushita Electric Industrial Y1857.04Φ Y1876.66 80 90 3.33 19.00
Mid-West Minerals 53 8
Mincorp Petroleum 9Φ (27/5)
Mount Martin Gold Mines 56 (26/5)
National Electronics (Consolidated) 6½Φ
Nationale-Nederlanden CVA (Fl12.5) Fl68.8Φ 9Φ Fl68¾ 9
New Town Properties 37Φ HK$5.1Φ 5.15Φ 5.2Φ (22/5)
New Zealand Goldfields NZ$4.6 (22/5)
North Flinders Mines £10.00
Oceanic Equity A$2.979 (22/5)
Oil Search 52Φ 4Φ 5Φ 7Φ 58 9
Olimet Resources 48Φ
Palabora Mining 620 R33¼ (22/5)
Pan Australian Mining 200 (26/5)
Pargesa Hldgs SA 5Fr 2095 100 (26/5)
Pioneer Electronic Crp Y2420 5 30 (27/5)
Playmates Hldgs $0.23Φ HK$1.704 (27/5)
Poseidon A$4.55Φ 192pΦ 182 6 90 2 3 7 A$4.213 4.45 4.48 4.52
Range Resources 30¼ (27/5)
Regal Hotels (Hldgs) 22½Φ 3Φ (27/5)
Schering-Plough Crp $86¼Φ ⅜Φ £52⅞ (22/5)
Selangor Coconuts 50Φ (22/5)
Sky Line Exploration Com NPV 637½Φ $10.00Φ 587½ 90 625
Societe Nationale Elf Aquitaine FFr 366Φ
Source Perrier FFr 792.4 (26/5)
Sumitomo Metal Industries Y218.2 (27/5)
Swire Pacific B 27 799
Tai Cheung Properties HK$3½ (22/5)
Tandem Resources 94Φ (26/5)
Target Petroleum 32 (27/5)
Target Petroleum (A$0.15) 16 (27/5)
Valiant Consolidated 20 3½ (27/5)
VAM 21Φ (22/5)
Victoria Exploration 15Φ (22/5)
Village Main Reef 60 R3.2 (27/5)
Walhalla Mining Co 14Φ 14 (27/5)
Wattle Gully Gold Mines A$0.32Φ (27/5)
Whitehall Crp £12.47Φ
Wong Industrial Hldgs $0.29Φ (26/5)
Wooltru Class A $5.4 R18 (26/5)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Allen (W. H.) (5p) 24 (26/5)
Ann Street Brewery (£1) 740 (27/5)
Appleton (20p) 17
Arsenal FC (£1) £650 70
Barbican (1p) 4 ½ 5
Berwick Salmon Fisheries (5p) 45⅛ ¼ (22/5)
Carrain (10p) 14 5 (27/5)
Central Equip "B" (£1) 450 5 (27/5)
Channel Island Communications (TV) 425 (26/5)
Cresta (10p) 100 (27/5)
Dawson (Wm) (10p) 580 90 (22/5)
Explaura (5p) 45 7 (27/5)
Guildehouse (1p) 42½ (26/5)
Kunick Leisure (10p) 35 6
Le Riches Stores (£1) 425
Manchester Utd FC (£1) 380 400
Merrett (10p) 427
Norton Villiers Triumph (1p) 5½ 6
Oodles (10p) 20 2
Red Rose Radio "A" NV (10p) 100 (26/5)
Severn Valley Railway (£1) 75 (27/5)
Southern Newspapers (£1) 290 300 (26/5)
Takare (£1) 190 (27/5)
UTC Trading Corpn (5p) 55 60 5
Weetabix "A" (non-vtg) 261 (27/5)
Winchmore 74 5
Wisgech (5p) 82 5 (27/5)
Wolverhampton Racecourse 220

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Resources (10p) 82½ 3 (27/5)
Kenmore Oil Expln (I£25p) 36 7 8 ¼ ½

(By permission of The Stock Exchange).

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 28 1987					WEDNESDAY MAY 27 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	130.52	-1.2	119.01	121.84	3.21	132.05	121.30	122.74	140.95	99.92	93.18
Austria (16)	86.78	+0.2	79.13	81.74	2.29	86.58	79.53	81.74	101.62	86.58	84.02
Belgium (47)	114.98	+0.0	104.84	107.33	4.44	114.98	105.62	107.33	123.62	96.19	76.52
Canada (129)	125.44	+0.4	114.38	122.04	2.45	124.97	114.80	121.90	136.17	100.00	101.34
Denmark (39)	115.34	+0.1	105.16	107.30	2.57	115.25	105.87	107.30	124.10	98.18	94.60
France (122)	113.66	+0.2	103.64	107.96	2.57	113.43	104.19	107.96	121.82	98.39	78.03
West Germany (90)	91.04	+0.2	83.01	85.95	2.16	90.87	83.47	85.95	100.33	84.00	78.83
Hong Kong (45)	111.27	+0.2	101.45	111.52	3.02	111.03	101.99	111.28	114.71	96.89	70.11
Ireland (14)	125.96	+0.2	114.85	120.41	3.60	125.70	115.47	120.41	131.86	99.50	83.63
Italy (76)	99.24	+0.2	90.48	97.16	1.72	99.01	90.95	97.16	112.11	94.76	83.64
Japan (458)	150.48	-0.9	137.21	136.40	0.48	151.79	139.43	137.64	161.28	100.00	74.83
Malaysia (36)	168.38	+1.7	153.53	162.02	2.34	165.60	152.12	159.18	168.38	98.24	71.82
Mexico (14)	182.35	+0.8	166.27	251.71	0.87	180.96	166.23	249.20	197.27	99.72	52.66
Netherland (38)	115.12	+0.1	104.96	107.44	4.12	114.95	105.59	107.44	120.14	99.65	86.91
New Zealand (27)	90.34	+0.9	82.37	83.49	3.20	89.55	82.25	82.83	100.59	83.93	68.43
Norway (24)	137.27	+0.4	125.17	125.07	2.01	136.76	125.63	125.07	139.86	100.00	91.59
Singapore (27)	139.32	+1.3	127.03	136.00	1.78	137.59	126.38	134.54	139.32	99.29	64.72
South Africa (61)	163.78	+0.0	149.34	120.37	3.32	163.78	150.45	120.37	186.74	100.00	83.60
Spain (43)	115.01	+0.1	104.87	110.35	3.69	114.92	105.56	110.35	121.31	100.00	78.91
Sweden (33)	114.03	+0.2	103.98	106.94	2.16	113.85	104.58	106.94	124.68	90.85	87.30
Switzerland (51)	94.01	+0.1	85.72	87.74	1.96	93.91	86.27	87.74	104.06	93.26	80.74
United Kingdom (338)	140.22	+1.3	127.86	127.86	3.25	138.49	127.21	127.21	148.66	99.65	96.54
USA (596)	119.05	+0.7	108.55	119.05	3.03	118.27	108.64	118.27	124.06	100.00	103.64
Europe (931)	116.87	+0.7	106.56	108.89	2.89	116.09	106.64	108.64	121.61	99.78	86.84
Pacific Basin (687)	148.25	-0.8	135.18	134.90	0.64	149.50	137.33	136.06	158.30	100.00	75.28
Euro-Pacific (1618)	135.74	-0.3	123.77	124.53	1.42	136.17	125.09	125.13	143.22	100.00	79.84
North America (725)	119.38	+0.6	108.85	119.23	3.00	118.62	108.96	118.48	124.60	100.00	103.52
World Ex. US (1822)	135.70	-0.3	123.73	129.51	1.48	136.10	125.02	129.63	143.09	100.00	80.63
World Ex. UK (2080)	128.10	-0.1	116.80	122.11	1.90	128.21	117.77	122.25	133.33	100.00	89.01
World Ex. So. Af. (2357)	128.96	+0.0	117.58	122.62	2.02	128.90	118.40	122.70	133.85	100.00	89.68
World Ex. Japan (1960)	119.06	+0.6	108.56	115.76	2.97	118.35	108.71	115.24	121.81	100.00	96.74
The World Index (2418)	129.18	+0.0	117.79	122.63	2.03	129.12	118.61	122.70	134.11	100.00	89.65

Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$440	5	31	—	—	30	51.50	$451.90
GOLD C	$460	140	19	20	31.50	—	—	"
GOLD C	$480	19	12	10	23	31	32.50	"
GOLD C	$500	—	—	—	—	142	26	"
GOLD C	$520	56	5	104	13	3	17	"
GOLD P	$420	—	—	14	9.50	—	—	"
GOLD P	$440	15	9	110	17	—	—	"
GOLD P	$480	15	32	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$850	6	40	—	—	5	135	$765
SILVER P	$600	—	—	70	20	60	255	"
SILVER P	$700	—	—	28	55	—	—	"
SILVER P	$850	20	100	—	—	—	—	"
£/Fl C	Fl.320	13	13.50	—	—	—	—	Fl.334.07
£/Fl C	Fl.330	32	4.70	10	6.30	—	—	"
£/Fl C	Fl.335	20	2.20	65	4	—	—	"
£/Fl C	Fl.340	110	0.85	—	—	—	—	"
£/Fl P	Fl.335	50	4	—	—	—	—	"
		Jun 87		Jul 87		Aug 87		
$/Fl C	Fl.200	29	5.30	1	6.70	—	—	Fl.205.20
$/Fl C	Fl.205	46	2.10	—	—	104	4.20	"
$/Fl C	Fl.210	55	0.50	—	—	9	2.10	"
$/Fl C	Fl.215	—	—	14	0.60	—	—	"
$/Fl P	Fl.200	23	0.80	10	1.70	—	—	"
$/Fl P	Fl.205	61	2.40	—	—	—	—	"
$/Fl P	Fl.210	10	5.70	—	—	—	—	"
$/Fl P	Fl.215	12	10	—	—	—	—	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.200	—	—	42	8	—	—	Fl.205.20
$/Fl C	Fl.205	17	5	9	6.10	—	—	"
$/Fl C	Fl.210	—	—	12	4.30	5	5.30	"
$/Fl C	Fl.215	—	—	—	—	27	4.10	"
$/Fl C	Fl.220	—	—	18	2	—	—	"
$/Fl P	Fl.200	2	3.70	5	5.70	—	—	"
$/Fl P	Fl.205	5	5.80	1	8.20	—	—	"
$/Fl P	Fl.210	—	—	12	10.80	—	—	"
		July 87		Oct 87		Jan 88		
ABN C	Fl.520	253	1.50	8	6	1	12	Fl459
ABN P	Fl.460	240	12	152	23	75	26	"
AEGON C	Fl.90	32	2.20	1	3.70	7	5.50	Fl.86.30
AEGON P	Fl.90	25	5	20	6	10	6.50B	"
AHOLD C	Fl.95.50	12	3.50	3	5.50	—	—	Fl.95.50
AHOLD P	Fl.90.90	118	1	10	2.30	—	—	"
AKZO C	Fl.150	19	0.40	11	2.30	125	4.50	Fl.130.70
AKZO P	Fl.120	18	0.80	42	2.50	45	3.50	"
AMEV C	Fl.60	2	3.10	2	5	13	6.70	Fl.61
AMEV P	Fl.65	10	4.80	—	—	40	6.10	"
AMRO C	Fl.70	2	4.80	98	6.30	—	—	Fl.73.10
AMRO P	Fl.70	—	—	89	2.50	—	—	"
ELSEVIER C	Fl.48	102	2.10	11	3.50	—	—	Fl.48.10
ELSEVIER P	Fl.48	7	1.40	32	2.50	—	—	"
GIST-BROC C	Fl.45	28	0.90	18	2.40	—	—	Fl.42.20
GIST-BROC P	Fl.45	23	3.10	30	4.30	—	—	"
HEINEKEN C	Fl.180	28	3.50	42	7	—	—	Fl.174.80
HEINEKEN P	Fl.170	17	2.50	—	—	—	—	"
HOOGOVENS C	Fl.40	60	2.80	10	4	—	—	Fl.41.90
HOOGOVENS P	Fl.45	10	3.80	100	5	—	—	"
KLM C	Fl.50	209	1	238	2	2	3.40	Fl.46.70
KLM P	Fl.45	241	1.20	11	3A	—	—	"
NED. LLOYD C	Fl.180	43	0.60	1	1.30	—	—	Fl.142.50
NED. LLOYD P	Fl.130	44	3	—	—	—	—	"
NAT. NED. C	Fl.70	27	1.90	54	3.50	5	5	Fl.68.80
NAT. NED. P	Fl.70	25	2.70	31	3.90B	2	4.20	"
PHILIPS C	Fl.55	59	0.40	60	1.50	233	2.10	Fl.48.20
PHILIPS P	Fl.50	58	2.60	36	3.50	25	4.30	"
ROYAL DUTCH C	Fl.260	290	5.30	49	9	4	13.10	Fl.256.10
ROYAL DUTCH P	Fl.260	159	7	1	12.50	1	13.50	"
UNILEVER C	Fl.660	268	8.50	49	19.50	3	29.50	Fl.635.50
UNILEVER P	Fl.680	24	1.80	58	4.50	35	11	"

TOTAL VOLUME IN CONTRACTS: 14,760

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Mat Credit Corp. Ltd.	9
Adam & Company	9	Citibank NA	9	Nat Bk. of Kuwait	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	NatWestminster	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Northern Bank Ltd.	9
Allied Irish Bank	9	Comm. Bk. N. East	9	Norwich Gen. Trust	9
American Exp. Bk.	9	Consolidated Cred.	9	PK Finans. Intl (UK)	10
Amro Bank	9	Co-operative Bank	*9	Provincial Trust Ltd.	11
Henry Ansbacher	9	Cyprus Popular Bk	9	R. Raphael & Sons	9
ANZ Banking Group	9	Duncan Lawrie	9	Roxburghe G'rantee	9½
Associates Cap Corp	9	E. T. Trust	10	Royal Bk of Scotland	9
Authority & Co Ltd	9	Equat'r'l TstC'p plc	9½	Royal Trust Bank	9
Banco de Bilbao	9	Exeter Trust Ltd.	9½	Smith & Williamson Secs.	9
Bank Hapoalim	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Leumi (UK)	9	First Nat. Fin. Corp.	10½	Trustee Savings Bnk	9
Bank Credit & Comm	9	First Nat. Sec. Ltd	10½	UDT Mortgage Exp.	¶11
Bank of Cyprus	9	● Robert Fleming & Co.	9	United Bk of Kuwait	9
Bank of Ireland	9	Robert Fraser & Ptrs.	10	United Mizrahi Bank	9
Bank of India	9	Girobank	9	Unity Trust PLC	9
Bank of Scotland	9	Grindlays Bank	‡9	Westpac Bank. Corp.	9
Banque Belge Ltd	9	● Guinness Mahon	9	Whiteaway Laidlaw	9½
Barclays Bank	9	HFC Trust & Savings	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	● Hambro Bank	9		
Beneficial Trust Ltd	10	Heritable & Gen. Tst.	9		
Berliner Bank AG	9	● Hill Samuel	§9		
Brit Bk of Mid East	9	C. Hoare & Co.	9		
● Brown Shipley	9	Hongkong & Shangh	9		
Business Mtge Tst	9½	Lloyds Bank	9		
CL Bank Nederland	9	Meghraj & Sons Ltd	9		
Canada Permanent	9	Midland Bank	9		
Cayzer Ltd	9	● Morgan Grenfell	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Savewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99% Mortgage 11.25%.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,300	170	+2	Ladbroke	3,150	432	+5½
Allied Lyons	9,900	443	+13	Land Securities	2,300	514	+18
Amstrad	11,000	223½	+16	Legal & Gen.	1,400	310	+12
Argyll Group	2,800	472	+18	Lloyds Bank	2,200	523	+13
Assoc. Brit. Foods	808	394	+6	Lonrho	6,000	292	+12½
BAT	3,600	569	+3	MEPC	1,400	468	+14
BET	2,000	289	+4½	Marks & Spncr	6,490	252	+11
BOC	1,900	461	+4½	Midland Bank	1,100	642	+4
BPB Inds	722	776	+28	NatWest Bank	2,638	673	+20
BPCC	4,900	297	-14	Next	4,900	332	-10
BTR	6,000	332	+18	Pearson	1,700	642	+12
Barclays	2,300	535	+2	P & O	2,300	687	+10
Bass	800	992	+28	Pilkington Bros	2,300	878	+23
Beecham	3,000	545	+14	Plessey	14,000	210	+6½
Blue Circle	1,000	907	+11	Prudential	452	898	+8
Boots	5,600	310½	+12½	Racal	16,000	241½	-8½
Brit. Airways	23,000	159	+7	Rank Org	444	723	+3
Brit. Aero	7,650	592	-16	RHM	2,000	325	+4
Brit. & Comm.	614	437	+6	Reckitt & Col	239	£11⅜	+0⅛
Brit. Gas	36,000	119	+10	Redland	2,000	518	+12
Britoil	2,600	278	+12	Reed Intl	900	443	+4
BP	6,300	354	+8	Reuters	4,100	748	+9
Brit. Telecom	14,000	312	+12	RMC	301	927	+13
Bunzl	498	248	+2	RTZ	516	£10⅛	+0⅛
Burton	3,100	321	+13	Rolls-Royce	18,000	135	-2
Cable & Wire	4,100	405	+12½	Rowntree Mac	807	525	+7
Cadbury Schwps	11,000	250	+7	Ryl Bank Scotland	394	348	+3
Coats Viyella	394	673	+17	Royal Insurance	1,000	955	-1
Comm. Union	2,100	322	+2	STC	4,100	304	+7
Cons. Gold	666	£10¼	—	Saatchi & Saatchi	1,400	603	+1
Cookson	1,700	685	+5	Sainsbury	1,200	541	+17
Courtaulds	1,300	467½	+2½	Scott & Newcastle	1,200	244	+4
Dee Corpn	3,300	250	+1	Sears	8,900	161½	+2½
Dixons Grp	1,700	389	+12	Sedgwick	433	299	—
English China Clays	582	460	—	Shell Trans	2,200	13⅛	+0⅛
Fisons	1,800	346	+9	Smith & Nephew	3,300	165	6½
Gen. Accident	368	985	+6	Standard Chart	1,200	800	+1
Gen. Elect	9,855	230	+2	Storehouse	4,400	317	+7
Glaxo	2,000	£16⅛	+0⅛	Sun Alliance	921	853	+9
Globe Investment	1,000	167½	+2	TSB	7,500	89	+0½
Granada	4,100	353	+6	Tarmac	907	565	+11
Grand Met	3,400	554	+12	Tesco	2,100	529	+7
Gus "A"	397	£14⅛	+0¼	Thorn EMI	1,100	712	+8
Guardian R.E.	200	945	+2	Trafalgar House	639	368	+6
GKN	3,400	331	+3	T'house Forte	1,300	243½	+4½
Guinness	4,500	357	+3	Unigate	957	422	+2
Hanson Trust	12,000	170	+3½	Unilever	573	£30¼	+0⅛
Hawker Sidd	95	534	+1	United Biscuits	4,250	293	+1
Hillsdown Hldgs	8,900	285	+12	Wellcome	1,500	465	+3
ICI	2,300	£14¼	+0⅝	Whitbread "A"	2,225	340	+7
Jaguar	2,550	542	+8	Woolworth	1,600	853	+2

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday May 28 1987

Mining Finance	+46.06	Other Groups	+29.94
Health & H'sehold	+43.78	Capital Goods	+29.76
Metals and Metal Forming	+40.24	Food Manufacturing	+29.73
Textiles	+40.02	All-Share Index	+29.06
Property	+39.46	Stores	+28.94
Shipping and Transport	+37.45	Chemicals	+28.55
Oils & Gas	+35.83	Contracting, Construction	+28.50
Publishing & Printing	+35.40	Other Industrial Materials	+26.21
Telephone Network	+34.87	Mechanical Engineering	+25.91
Overseas Traders	+34.68	Brewers and Distillers	+24.41
Agencies	+33.98	Food Retailing	+23.99
Building Materials	+33.71	Motors	+23.05
Leisure	+32.68	Insurance (Composite)	+20.98
Packaging and Paper	+32.47	Conglomerates	+20.31
Electronics	+32.43	Financial Group	+19.80
Electricals	+32.02	Insurance (Life)	+14.70
Consumer Group	+31.69	Investment Trusts	+14.59
500 Share Index	+31.44	Merchant Banks	+12.01
Gold Mines Index	+30.95	Banks	+11.46
Industrial Group	+30.73	Insurance Brokers	+6.65

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	104	8	1	228	195	29
Corporations, Dom. and Foreign Bonds	28	11	26	63	58	140
Industrials	658	350	532	1,810	2,018	2,345
Financial and Props.	289	70	236	696	561	1,127
Oils	40	28	44	110	142	196
Plantations	3	1	10	11	8	37
Mines	77	95	16	155	406	191
Others	110	51	81	441	218	292
Totals	1,309	614	946	3,514	3,606	4,357

BANK RETURN

BANKING DEPARTMENT	Wednesday May 27, 1987	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	92,376,073	+ 10,288,464
Bankers Deposits	1,083,659,516	+ 133,367,794
Reserve and other Accounts	1,830,431,476	+ 214,127,683
	3,021,020,065	+ 357,783,941
ASSETS		
Government Securities	530,033,784	+ 49,605,001
Advance and other Accounts	684,798,088	+ 67,326,398
Premises Equipment & other Secs	1,798,018,463	+ 241,778,676
Notes	7,915,442	− 961,153
Coin	254,288	+ 35,019
	3,021,020,065	+ 357,783,941

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	13,092,084,558	+ 150,961,153
Notes in Banking Department	7,915,442	− 961,153
	13,100,000,000	+ 150,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	11,897,653,277	+ 953,310,357
Other Securities	1,191,331,623	− 803,310,357
	13,100,000,000	+ 150,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income May 18	329.0	350.0	—	3.39
General May 5	259.1	275.7	—	1.77
International May 5	150.3	159.9	—	0.66
Global Inc Fd May 5	48.5	51.4	—	5.13

Medical Investments Limited
4 Sandys Row, London E1 7HW. 01-247 1167/8/9

Health Fund	49.4	52.0	—	—

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	180.0	190.0	—	3.62

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2060

American Growth	106.0	112.3	+0.7	2.31
(Accum Units)	111.1	117.5	+0.7	2.31
British Blue Chip Fund	49.1	51.9	+0.6	2.40
(Accum Units)	49.1	51.9	+0.6	2.40
American Sm Cos Fd	49.2	52.0	+0.3	0.47
(Accum Units)	49.2	52.0	+0.3	0.47
American Income	49.4	52.2	+0.2	5.19
(Accum Units)	53.8	56.9	+0.3	5.19
European Growth	138.4	146.4	−0.6	0.67
(Accum Units)	143.3	151.6	−0.6	0.67
European Income	80.4	85.0	−0.6	3.58
(Accum Units)	82.7	87.5	−0.5	3.58
General	343.9	363.9	+2.8	2.46
(Accum Units)	571.1	604.3	+4.6	2.46
Gilt	90.5	90.9	−1.3	7.20
(Accum Units)	107.7	108.2	+0.9	7.20
Global Fund	48.2	51.0	+0.2	0.70
(Accum Units)	48.2	51.0	+0.3	0.70
High Interest Fund	47.8	50.5	+0.2	8.91
(Accum Units)	47.8	50.5	+0.2	8.92
High Income Fund	49.1	51.9	+0.3	5.06
(Accum Units)	49.8	52.8	+0.3	5.19
Income	113.0	119.5	+0.1	3.53
(Accum Units)	129.5	137.0	+0.8	3.53
International	292.2	309.3	+1.8	1.38
(Accum Units)	363.8	384.9	+2.1	1.38

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	107.6	114.5	+0.5	1.30
PM Income and Growth	95.5	101.6	+0.5	3.13
PM N American Growth	52.9	56.2	+0.5	0.36
PM European Growth	45.9	48.8	−0.3	0.64
PM Japan Growth	70.9	75.4	+0.3	0.36
PM Overseas Growth	52.0	55.3	+0.3	0.45

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn UnitLine 0800 010349

Holborn Comm Tst	71.4	75.5	+0.4	0.41
Holborn Equity Income	65.1	68.8	+0.3	3.74
Holborn Equity Tst	542.5	574.0	+4.8	2.35
Holborn European Tst	111.6	118.3	+0.1	0.70
Holborn Gilt Tst	214.5	223.4	+1.7	2.13
Holborn High Inc Tst	81.7	86.4	+0.4	4.99
Holborn Intl Grth Tst	114.5	121.1	+0.7	0.72
Holborn Japanese Tst	130.5	138.0	+1.7	0.04
Holborn N. Amer. Tst	87.1	92.1	+0.1	0.53
Holborn Sm Cos Tst	70.8	74.9	+0.3	1.55
Holborn Spec Sits Tst	92.8	98.2	+0.8	1.49
Holborn UK Growth Tst	109.6	115.9	+1.1	1.62

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	617.8	653.8	+4.2	1.68
Quadrant Income	318.3	336.9	+0.2	4.25
Quadrant Intl. Fund	418.8	443.2	—	1.34
Quadrant Spec. Sits	396.3	419.4	−4.0	1.56

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	226.8	241.2	+2.6	2.38
Reliance Unit Tst (Inc)	151.0	160.6	+0.9	2.01
Reliance Ut Tst (Acc)	203.3	216.3	+1.2	2.01

Rensburg Fund Managers

INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

MGM Assurance—Contd.

Pension Funds

Pensions Equity	254.0	267.4	+1.6	—
Do. Accum	308.1	324.4	+1.9	—
Pens. Spec. Sits.	235.7	248.2	+1.5	—
Do. Accum	286.0	301.1	+1.8	—
Pens. North American	185.4	195.2	+1.0	—
Do. Accum	224.9	236.8	+1.2	—
Pens. Pacific Basin	354.9	373.6	+1.8	—
Do Accum	430.6	453.3	+2.1	—
Pens. Fixed Int.	228.0	240.1	+0.7	—
Do. Accum	276.6	291.2	+0.6	—
Pens. Property	118.8	125.1	+0.1	—
Do Accum	144.1	151.7	+0.1	—
Pens. Deposit	120.1	126.5	+0.1	—
Do. Accum	145.6	153.3	....	—
Pens. Managed	235.9	248.4	+1.1	—
Do. Accum	285.7	300.8	+1.4	—

Manufacturers Life Insurance Co (UK)

St George's Way, Stevenage 0438 356101

Managed	434.6	457.5	...	—
Property	278.3	292.9	...	—
Equity	525.8	553.5	...	—
Gilt Edged	367.9	387.3	...	—
Deposit	203.1	213.8	...	—
Investment	225.0	236.8	...	—
International	426.5	448.9	...	—

Pension Fund Prices

Managed Int.	315.0	...	—
Do. Accum.	383.8	...	—
Property Int.	240.6	...	—
Do. Accum.	292.9	...	—
Equity Int.	399.1	...	—
Do. Accum.	485.3	...	—
Gilt-Edged Int.	236.0	...	—
Do. Accum.	287.4	...	—
Guaranteed Int.	156.9	...	—
Do. Accum.	191.2	...	—
International Int.	503.2	...	—
Do. Accum.	612.4	...	—
Index Lk. Gilt Int.	140.8	...	—
Do. Accum.	171.4	...	—

Merchant Investors Assurance

Leon House, 233 High St, Croydon 01-686 9171

Property	297.7	+0.7	—
Property Pens.	391.2	+1.3	—
Equity	181.9	+2.1	—
Equity Pens.	318.9	+1.3	—
Money Market	316.7	+3.9	—
Money Mkt. Pens.	564.5	+6.8	—
Deposit	234.9	+0.1	—
Deposit Pens.	372.2	+0.2	—
Managed	276.9	+0.9	—
Managed Pens.	526.7	+2.2	—
Intl. Equity	327.9	+0.3	—
Do. Pens.	519.6	+0.7	—
Intl. Managed	300.3	+0.3	—
Do. Pens.	439.5	+0.9	—
North American	123.9	+0.0	—
Do. Pens.	139.7	-.2	—
Far East	285.2	-3.2	—
Do. Pens.	413.0	-4.6	—
Intnl. Currency	175.1	+0.2	—
Do. Pens.	229.4	+0.6	—
Index Linked	131.7	+0.6	—
S & C Managed Fd	138.0	-1.2	—
S & C Pens Mngd Fd	111.5	-.9	—

Trustbak Life Funds

Per Worldwide Rec.	156.9	+1.4	—
Per Far East Growth	183.8	+2.4	—
Per Intl Growth	148.5	+0.5	—
Per Income	160.4	+1.1	—
Per Emerging Co's	154.7	+2.0	—
Per American Growth	140.7	+1.2	—
Per European Growth	121.3	+0.5	—
Fra American & Gen	117.2	+0.5	—
Fra Capital	162.7	+0.4	—
Fra Income	270.2	+0.2	—
Fra Intl Growth	128.4	-.3	—
Fra Japan & Gen	174.4	+0.0	—
Fra Recovery	178.9	-.2	—
Fra Convertible & Gilt	140.2	+0.0	—
Fra European	126.4	-.1	—
GAR American	124.1	-.4	—
GAR European	150.6	+0.1	—
GAR Far Eastern	179.8	-2.4	—
GAR British	171.3	+0.0	—
GAR Global	163.0	+0.0	—
GAR Special Situations	183.6	+0.8	—
GAR Smaller Co's	189.0	+0.4	—
GAR Australian	162.7	+2.2	—
HEN Managed	167.8	+0.2	—
HEN UK Growth	167.5	+0.2	—
HEN UK Income	170.8	+0.2	—
HEN American	121.7	+0.6	—
HEN Far East	174.1	-.1	—
HEN European	163.8	+0.0	—
HEN Prime Res Prop	102.3	+0.0	—
TSB American	133.7	-.8	—
TSB General	171.4	-1.0	—
TSB Managed	152.8	+0.4	—
TSB Pacific	182.4	-.9	—
TSB Selected Opps	169.1	+0.5	—
FID American	110.3	-.2	—
FID Japan	117.1	-1.1	—
FID European	114.3	+0.0	—
FID UK	134.1	+0.4	—
FID Pacific	138.8	-.6	—
FID Intl Managed	123.6	-.1	—
FID Int. Income	116.8	-.1	—
FID Intl Spec Sits	133.8	-.2	—

Municipal Life Assurance Ltd

1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

Initial Equity	155.0	163.5	+0.5	—
Initial Managed	144.5	152.5		—
Initial International	144.5	153.0	-0.5	—
Initial Property	96.5	102.5	...	—

National Provident Inst.—Contd.

Pension Fund Prices

Man. Initial	315.6	332.3	+2.7	—
Man Acc.	385.6	400.7	+3.4	—
UK Eq. Initial	402.8	424.1	+4.8	—
UK Eq	474.2	499.2	+5.6	—
Overseas Eq. Initial	358.3	377.2	+1.6	—
Overseas Eq.	447.6	471.2	+2.0	—
Americas Initial	257.8	272.4	+2.4	—
Americas	309.3	325.6	+2.9	—
Far East Initial	481.6	507.0	+1.6	—
Far East	573.7	603.9	+1.8	—
Prop. Initial	131.8	138.8	+0.9	—
Prop	157.1	165.4	+1.0	—
Fixed Int. Initial	192.3	202.5	+1.3	—
Fixed Int.	228.9	241.0	+1.6	—
Indexed Gilt Initial	107.4	113.1	+0.5	—
Indexed Gilt	126.6	133.6	+0.6	—
Deposit Initial	133.6	140.7	.	—
Deposit	160.7	169.2	.	—

NPI Pensions Management Ltd

Managed Fund	931.2	947.8	+29.5	—

Prices May 1. Next dealing July 1.

Norwich Union Asset Management Ltd

PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds

Managed Fund	55.9	58.9	+0.4	—
Stock Market Mngd Fund	56.9	59.9	+0.4	—
Equity Fund	62.3	65.6	+0.7	—
International Fund	52.3	55.1	+0.2	—
European Fund	54.9	57.8		—
North American Fund	47.7	50.3	+0.3	—
Pacific Fund	64.5	67.9	+0.4	—
Property Fund	50.4	53.1	..	—
Fixed Interest Funds	51.4	54.2	+0.2	—
Index Linked Sec Fund	47.3	49.8	-	—
Deposit Fund	50.4	53.1	..	—

NUAM Retirement Plans

Mixed Fund	58.4	61.5	+0.1	—
UK Ordinary Share	68.3	71.9	+0.3	—
International Fund	53.5	56.4	-0.4	—
Property Fund	51.2	53.9	+0.1	—
Fixed Interest Fund	52.8	55.6	+0.6	—
Index Linked Sec Fund	47.0	49.5	-0.3	—
Deposit Fund	52.0	54.8	+1.7	—

NUAM (MF)

Managed Fund	758.8	798.7	+5.2	—
Equity Fund	1634.5	1720.5	+16.7	—
Property Fund	313.6	330.2	+0.4	—
Fixed Interest Fund	379.1	399.1	+2.0	—
Deposit Fund	205.7	216.6	..	—
International Fund	135.8	143.0	+0.6	—
Index Linked Sec Fund	47.3	49.8	+0.1	—

Norwich Union Life Insurance Soc.

PO Box 4, Norwich NR1 3NG 0603 622200

Pensinvestor* & Unit-Linked Plus*

Fixed Interest Fund	264.9	278.8	...	—
Index-Linked Sec Fund	134.9	142.0	...	—
Ordinary Share Fund	503.2	529.6	...	—
International Fund	130.4	137.2	...	—
Property Fund	159.3	167.6	...	—
Deposit Fund	162.7	171.2	...	—
Mixed Fund	323.5	340.5	...	—
Norwich Units March 16		897.8	...	—

*Prices as at March 21

Pearl Assurance (Unit Funds) Ltd

252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	140.5	147.9	+0.2	—
Prop. Acc. (Gross)(z)	220.1	231.7	+0.1	—
Equity (Gross)(z)	711.0	748.5	+0.4	—
Managed (Gross)(z)	486.0	511.6	+1.6	—
Prop. Acc. (Net)(z)	101.5	106.8	.	—
Equity (Net)(z)	152.8	160.9	-0.1	—
Managed (Net)(z)	140.8	148.3	+0.3	—
International (net)(z)	133.6	140.7	+1.6	—

Pearl Assurance (Unit Linked Pens) Ltd

Ret Man (Series 1)(z)	459.4	483.6	+2.6	—
Ret Man (Series 2)(z)	155.8	164.0	+0.8	—
Ret Cash (z)	112.3	118.2	....	—

Phoenix Assurance Co Ltd

Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds

Wealth Assur.	418.1	440.2	-	—
Eb'r Ph. Eq.	104.4	109.3	-	—

Pension Plus Funds

Phoenix

UK Equity Acc.	190.0	199.9	+2.5	—
International Acc.	150.7	158.6	+1.4	—
Property Acc.	110.2	116.0		—
Fixed Interest Acc.	146.9	154.6	+1.0	—
Money Acc.	122.3	128.7	+0.1	—
Bldg Soc. Link Acc.	124.1	130.6	+0.1	—
Special Mngd. Acc.0	162.7	171.2	+1.7	—

Phoenix/Framlington

Intnl. Growth Acc.	109.5	115.2	-0.6	—
Amer & Gen. Acc.	104.2	109.6	+0.8	—
Capital Tst. Acc.	193.5	203.6	+0.8	—
Japan & Gen Acc.	181.3	190.8	-0.3	—
American Turn Acc.	99.2	104.4	+0.3	—
Recovery Tst. Acc.	190.1	200.1	+1.0	—
Special Mngd Acc.	154.6	162.7	+0.1	—

Phoenix/GT

International Acc.	156.9	165.1	-0.1	—
US & General Acc.	115.6	121.6	.	—
Amer Spec Sits Acc.	86.2	92.8	+0.1	—
Japan & General Acc.	187.6	197.4	-1.0	—
Far East & Gen. Acc.	139.4	193.3	-2.9	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100	99	Treas. 10pc 1987	100xd	.....	9.99	8.88
99	97	Treas 3pc 1987	99	.....	3.02	8.37
101	100	Treas. 12pc 1987	101	+	11.84	8.45
99	97	Treas 7¼pc 1985-88‡‡	99	+	7.78	8.42
102¼	99	Exch 10½pc '88	101xd	+	10.33	8.59
101	98	Treas 9¾pc Cv '88	101xd	+	9.64	8.54
96	93	Transport 3pc '78-88	96	.....	3.11	6.39
101	98	Treas. 9½pc '88	100	+	9.41	8.73
105	101	Treas 11½pc 1989	104	+	11.02	8.71
102	97	Treas 9½pc Cov 1989	101¼	+	9.38	8.70
94	89	Treas 3pc 1989	94xd	−	3.18	6.16
104	99	Treas 10½pc 1989	103xd	+	10.16	8.68
103	98½	Exch 10pc 1989	102	+	9.77	8.77
105	100	Exch 11pc 1989	104	+	10.52	8.73
95	89	Treas 5pc 1986-89	95	+	5.25	7.22
108	100	Exch 10¼pcCv '89	106xd	+	9.58	7.07
111	105	Treas 13pc 1990‡‡	109	+	11.83	8.67
106	100	Exch 11pc 1990‡‡	105	+	10.44	8.72
110	104	Exch. 12½pc 1990	109¼	+	11.44	8.69
91	84½	Treas. 3pc 1990	91xd	+	3.29	6.34
100	93	Treas 8¼pc 1987-90‡‡	99xd	+	8.27	8.34
105	97½	Treas. 10pcCv 1990	103	+	9.64	8.71
89	81	Exch 2½pc 1990	89xd	.....	2.82	6.13
110	103	Treas 11¾pc 1991	108	+	10.79	8.79
95	87	Funding 5¾pc '87-91‡‡	94	−	6.06	7.29
89	80	Treas. 3pc 1991	88xd	−	3.39	6.33
110	100	Treas 10pc Cv '91 ‡‡	109	+	9.17	7.42
109	101	Exch. 11pc 1991	108	+	10.18	8.74
116	108	Treas 12¾pc 1992‡‡	114	+	11.11	8.78
106	97	Treas 10pc 1992	104	+	9.54	8.73
49	46¾	Treas. 8pc 1992 ‡‡(50pd)	47½	+	8.15	8.47
108	99	Treas 10½pc Cv 1992‡‡	106	+	9.84	8.77

Five to Fifteen Years

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
115	106	Exch. 12¼pc '92	113	+	10.76	8.88
121	111	Exch 13½pc 1992	119	+	11.34	8.89
107	97	Treas 10pc 1993‡‡	105	+	9.48	8.78
118	108	Treas 12½pc 1993‡‡	116	+	10.71	8.89
95	82¼	Funding 6pc 1993‡‡	94	+	6.32	7.01
125	114	Treas 13¾pc 1993‡‡	123xd	+	11.14	8.89
129	119	Treas 14½pc 1994‡‡	127	+	11.33	8.87
124	113	Exch 13½pc 1994 ‡‡	122	+	10.98	8.96
107	97	Treas. 10pc Ln. 1994	106	+	9.42	8.79
120	109	Exch. 12½pc 1994	118	+	10.55	8.96

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

1987 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	42	Greek 7pc Ass.	42xd	.....	3.50	8.33
45	44	Do. 6pc 28 Stb. Ass.	44	.....	3	6.82
47	45	Do 4pc Mixed Ass.	47	.....	2	4.26
65	58	Hung. '24 Ass.	63	.....	2.75	4.37
146½	122¾	Hydro Quebec 15pc 2011	143¾xd	+1	15.00	10.13
92½	85	Iceland 6½pc '83-88	85	.....	—	—
136¼	115½	Do. 14½pc Ln. 2016	133	+½	14.50	10.75
109½	94	Ireland 9¾pc '91-96	102	+½	9.75	9.50
98½	93	Japan 6% '83-88	94	.....	—	—

AMERICANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
41	32½	Abbott Laboratories$1	37	+	84c	—	1.4
17	11	Ahmanson (H F)	12¼	+	68c	—	4.2
31	24	Alcoa $1	29	+	$1.20	—	2.5
18	15	♦Allegheny & W $0.01	15½	−	30c	—	1.2
14	8	Amax $1	13¼	+	—	—	—
26	17¼	Amdahl 5c	23	+1	20c	—	0.5
64	50	Amer. Cyanamid $5	54	−¼	$1.90	—	2.1
25	18	Amer. Express $0.60	22xd	−½	$1.44	—	4.1
12	10	Amer. Medical Inc. $1	10¼	.	♦72c	—	4.1
17	14¼	American T & T. $1	15	+	$1 20	—	4 6
63	46	Ameritech $1	51½	+1	h$4 72	—	5.6
20	15	Amfacll	18	+	—	—	—

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
331½	305	PWS Holdings 10p	330	+2	†9.25	2.9	3.9	12.2
389	316	Pearl Group 5p	362½	+1½	10.5	—	4.0	—
*953	804	Prudential	898	+8	29.0	—	4.4	—
518	433	Refuge 5p	505	+1	15.75	—	4.3	—
£10⅝	847	Royal	955	−1	31.0	—	4.4	—
*344	288	Sedgwick Group 10p	299	......	12.0	1.7	5.5	12.8
269	207	Steel Burrill J.20p	263	......	9.0	2.0	4.7	14.7
505	403	Stewart Wr. 20p	448xd	+2	13.0	2.0	4.0	15.9
465	377	Sturge Hldgs 20p	465	+11	16.0	2.5	1.8	30.5
895	645	Sun Alliance	853xd	+9	23.5	—	3.8	—
£12¼	929	Sun Life 5p	£11⅛	+⅛	28.5	—	3.5	—
£69½	£39	♦Taisho M EDR	£55⅛	+1¼	ψ010%	—	0.8	—
£21⅞	£14⅞	Torchmark $1.00	£15½	+¼	060c	—	2.4	—
335	235	Trade Indemnity	335	......	4.3	—	1.8	—
£34	£24⅞	Travelers $1.25	£27	−⅛	$2.28	—	5.2	—
£32½	£20⅞	USLIFE Corp. $1.0	£22⅞	+⅛	Q$1.20	3.2	3.2	5.0
723	555	‡Utd Friendly B 10p	723	......	21.0	—	4.1	—
464	367½	Willis Faber 12½p	449	+4	10.75	1.9	3.3	22.6
68	41	Windsor Secs. 10p	68ø	......	†0.7	1.5	1.4	62.7

LEISURE

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
17	11½	‡A & M Group 10p	16½	+½	0.4	2.0	3.3	20.6
83½	69	A-R TV Pref. £1	83½	......	5.95	48.1	11.7	—
*549	302	Anglia TV	498	+2	g11.25	3.3	3.6	11.9
183	108	‡Aspinall Hldgs. 10p	183	+7	6.0	1.2	4.5	25.1
103	63	‡Avesco 1p	99	−1	L0.5	6.6	0.7	25.4
48	40	‡BCE Hldgs 5p	42½	......	Rd1.0	3.0	3.2	14.1
195	132	Barr & W.A.T. 'A'	176xd	......	8.0	♦	6.2	♦
195	165	Boosey & Hawkes	195	......	—	—	—	—
83	45	‡Border T.V.	56	−1	†p2.5	3.2	6.1	14.1
*306	79½	Brent Walker 10p	295xd	+15	g8.5	2.2	4.6	14.2
*237	110	Campari Int. 20p	215	+2	3.0	5.2	1.9	11.0
211	127	Capital Radio 10p	179xd	−1	W†5.0	1.8	3.8	19.4
674	370	Central ITV	573	−3	17.0	2.3	4.1	14.8
266	171	Chrysalis	[illegible]	+4	5.6	2.1	3.2	20.2

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
475	180	Abelscot Group 10p	445xd	+15	3.5	2.7	1.1	47.9
35	28	Aberdeen Am Pet 10p	32	......	—	—	—	—
125	110	Allied Ins. Brokers	123xd	..	13.5	2.5	4.0	14.3
15	9	Ardmore Pet. 'A'	14	+½	—	—	—	—
74	45	Catalyst Comms. 5p	73	+1	—	—	—	—
98	47	Corton Beach 10p	88	+2	0.4	♦	0.6	♦
178	150	Crown Eyeglass 5p	165	......	—	—	—	—
220	102	Edensong Investment	220	......	—	—	—	—
*62	29	Eglinton Oil Ir.5p	30rr	......	—	—	—	—
41	17	Do. Warrants	19	−2	—	—	—	—
46	17	Publishing Hldgs.5p	40	+2	—	—	—	23.2
58	45½	Theme Holdings	47	−2	1.0	♦	2.9	♦
138	111	Unit Group	123	......	R4.6	2.5	5.1	(6.8)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	78xd	....	Fin. 13% 97/02	£111⅛	+1⅛
Craig & Rose £1	£16¼	....	Arnotts	330xd	−10
Finlay Pkg. 5p	84xd	−2	CPI Hldgs	59	.....
Holt (Jos) 25p	943xd	....	Carroll Inds	146	−4
IoM Stm. £1	115	+2	Dublin Gas	18	......
			Hall (R. & H.)	100	......
IRISH			Heiton Hldgs.	30	......
Fund 11¼% 1988	£100⅛	......	Irish Ropes	162	......
Nat. 9¾% 84/89	£98	+⅛	Unidare	385	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	3½
Hanson Tst	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	35
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	27
Lloyds Bank	48	**Mines**	
Lucas Inds	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday May 30 1987

The election campaign may have reached a turning point, writes **Peter Riddell**

All eyes on the polls at the half-way stage

THE GENERAL ELECTION campaign, now at the halfway stage, may be at a turning point. The Tories, of course, remain clearly in the lead, increasing their rating in the opinion polls by a point to more than 43 per cent in the past week. The key questions concern the opposition parties—has labour peaked and has the SDP/Liberal Alliance bottomed out?

There is tentative evidence—but so far no more—that the Labour advance and Alliance decline of the past fortnight might have been checked. Such shifts have occurred at the mid-points of past elections.

For instance, yesterday's Marplan survey showed the first fall in Labour support in the campaign and its average poll rating of around 34 per cent has been stable so far this week.

Similarly, the less-established Harris Research rolling survey *for TV-am of 1,000 voters (a* quarter are updated daily) has shown a slight decline in Labour's position from 36 to 34 per cent since last weekend. The same poll has put the Alliance at 21 or 22 per cent for the past four days.

Both Labour and Alliance strategists will be awaitisg the next batch of opinicn polls in the Sunday papers with apprehension to see whether the trend has shifted, or merely paused before a resurged Labour advance.

There has undoubtedly been a change in the mood of the campaign since Sunday. After making the running in the first week, Labour has been forced onto the defensive. A slightly vague phrase by Mr Neil Kinnock, the Labour leader, about resistance to an invasion was presented in some newspapers as implying guerrilla warfare as a substitute for existing defence. Anyway, it brought to

OPINION POLL TRENDS	Cons	Lab	All
Campaign start	43	29	25
End week 1	42	33	23
End week 2	43.1	34.2	20.4

the fore the defence issue, which is by far Labour's weakest.

Consequently, Labour leaders were—to Mr Kinnock's increasing irritation—forced to spend most of the week explaining their defence policy. They attempted to bring the discussion back to jobs and social policy, but with little success.

Nevertheless, unlike 1983, the party's strategists have appeared to retain their composure under pressure. There was, for example, another highly effective party election broadcast on Thursday night, *this time on the health service.*

The emphasis on defence has naturally been ideal for Mrs Thatcher herself and for the Tories, who have been able to talk of Labour recklessness and a "white flag" policy.

Equally significant, the Tories have taken a grip on their campaign. They started nearly a week later than Labour and, whether through complacency or carlessness, initially showed an unexpected clumsiness.

At the morning press conferences Mrs Thatcher appeared "headmistressy" bossing around a team of largely silent ministers, and there was confusion over what the major education *changes meant in practice. This* has apparently led to some frostiness between Mrs Thatcher and Mr Kenneth Baker, the Education Secretary.

But this week, the Tories have mounted an effective campaign to explain their policy in sensitive areas like heath, housing and education. Mrs Thatcher has left many more of the questions to other ministers.

The Alliance has, for much of the time, been squeezed out of the main debate. The hectic campaign tours of the two leaders may have hindered rather than reinforced a clear television image and the attempts to put over Alliance policy have made little impact.

There has, however, been a change of Alliance tactics since the weekend with stronger attacks on Labour, which many SDP leaders wanted from the start. At present, Alliance leaders hope for a repeat of the sharp end-of-campaign up-turns seen in 1979 and 1983. Dr David Owen, the SDP leader, believes the Alliance must "slipstream in" behind the Tories in picking up any support which Labour now loses.

But while governing parties have tended to lose support in the last phase of campaigns, the Tories so far have a comfortable safety margin.

Reagan insists on protecting Gulf sealanes

BY LIONEL BARBER IN WASHINGTON

PRESIDENT REAGAN said last night that he would not allow Iran or the Soviet Union to control the Gulf sealanes and make them a "chokepoint for freedom."

Appearing in person before the White House press corps Mr Reagan said vital US interests were at stake in the Gulf. They would be upheld.

He drew a comparison with the oil price rise in the early 1970s when the US suffered petrol queues and double-digit *inflation and there was dislocation* to both its own economy and that of the rest of the West because of instability in the Middle East. "Never again, will [the US] be held captive," he said.

The President's comments *came after he approved* a plan to protect US flag vessels and warships in the Gulf and agreed to share details with congressional leaders.

The plan has still to be developed fully but the first of 11 Kuwaiti oil tankers could be placed under the US flag next week, with military escort ships provided soon after.

The US move is partly a response to a Soviet offer to escort Kuwaiti vessels under threat in the Iran-Iraq war. It is also an attempt to protect the waterways of the Gulf, the major supply route for oil supplies to Europe, Japan and increasingly the US.

Mr Reagan met senior advisers at the White House yesterday to review the Gulf escort plan amid signs that the Administration's extensive consultations with congressional leaders late on Thursday, and the promise of no precipate action, had defused most opposition to the plan.

Mr Marlin Fitzwater, chief White House spokesman, said military escorts in the Gulf would begin "when the President decides." He added: "It was clear from the presentation [to the President] that US military forces have the capability to escort US-flag vessels in the Gulf to deter potential attacks and defend themselves against threats from belligerent *powers."*

Mr Fitzwater's statement suggested that a larger US naval presence, and cover by US aircraft carriers, was an essential element in the escort plan, aimed at protecting Kuwaiti tankers against Iranian attack.

However, two senior US officials testifying before the Senate Foreign Relations Committee said that the Administration was "exploring," with oher Gulf states such as Saudi Arabia and Oman, the use of their air strips to bolster the plan.

Mr Richard Armitage, assistant US Secretary of Defence, said one option under review was for Kuwaiti tankers to be escorted in a convoy for two out of every ten days on the 700-mile route from Kuwait to the Strait of Hormuz, at the entrance of the Gulf.

Under the agreement with Congress hte House and Senate will pass resolutions calling for a report on re-flagging and escorting. The report would be due within seven days after enactment of the resoluion, *expected by the middle of next* week.

New player in battle for snooker group

By Clay Harris

THE BATTLE for Riley Leisure, Britain's leading snooker group, entered an unexpected frame yesterday. A new player, Charlwood Leisure, emerged to challenge Midsummer Leisure, the pub and disco *company which won Riley's* grudging recommendation of its £16.4m takeover bid last week.

Charlwood Leisure, a private company which operates 24 snooker clubs in the London area, proposed that Riley take it over through issue of at least 18m new shares. With Riley shares adding 6½p yesterday to close at 98½p, the combined group would have a market capitalisation of about £33m.

Mr Paul Bissett, managing director and owner of 95 per cent of Charlwood, said yesterday his proposal had been received positively by Riley

Mr Alan Deal, Riley chairman, emphasised that Charlwood had made a unilateral announcement and that his board had agreed only to consider the proposal next week.

Mr Jeremy Hicks of Hambros, Midsummer's financial adviser, said: "I don't think that we can consider this a serious threat at the moment. It's very much a long shot."

The proposal would require the approval of Riley shareholders. Midsummer owns 14.8 per cent of Riley shares.

Mr Bissett, who approached Riley on Thursday, believes its clubs would benefit from more "intensive" management.

The two companies together have 90 snooker clubs in the UK. The combined group would retain Riley's table-manufacturing and maintenance activities,

Most of Charlwood's shops trade under the New World name. It had pre-tax profits of more than £1m in the year to March 31.

Under the plan announced yesterday, Riley would issue up to 8m additional shares based on Charlwood's profit for the current year. Riley's existing shareholders would retain between 38 per cent and 45 per cent of the combined group's equity.

Midsummer shares added 4p to close at 420p, putting a 97p value on its share offer for Riley. There is a cash alternative of 82.5p.

Airlines awarded European routes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

COMPETITION IS set to intensify on European short-haul scheduled air routes later this year, with further fares cuts as a result of route licences awarded by the Civil Aviation Authority to Air Europe and British Caledonian Airways.

Both airlines have been granted nearly all the routes they sought at public hearings in London earlier this spring.

Air Europe, the charter airline owned by the International Leisure Group, has been given licences to fly from Gatwick Airport, London, to Paris, Amsterdam, Brussels, Copenhagen, Frankfurt, Munich, Geneva and Zurich.

British Caledonian has won rights to fly from Gatwick to Copenhagen, Stockholm, Oslo, Rome and Athens.

Air Europe has, however, been denied the rights that it sought for Rome, Milan and Dusseldorf. The authority decided they were already adequately served by airlines such as British Airways or British Caledonian. Both airlines plan significant fare reductions.

The authority said yesterday that the decisions marked "a further step forward in increasing competition between airlines on routes to Europe, to the benefit of users."

The licences are subject to reciprocal approvals being given by the governments of the countries concerned. There is not expected to be any difficulty with routes to the Netherlands, Belgium and West Germany as existing air services agreements with these countries allow for greater liberalisation.

The main areas of difficulty are likely to be the Scandinavian countries and France, where liberalisation agreements are proving difficult to secure.

BCal said yesterday that, subject to the necessary reciprocal approvals being agreed, it intended to start flying the routes next year, starting with Copenhagen on April 1, Oslo on May 1, Stockholm on June 1 and Rome and Athens on July 1.

It plans a £97 excursion return to Copenhagen, £39 below current lowest rates. Similar fares are planned to Oslo (a cut of £42 to £107 return), and Stockholm (a cut of £47 to £130 return).

Air Europe plans to start operations this winter on routes approved by the foreign governments concerned. Flights to Amsterdam, Brussels, and probably also Munich and Frankfurt, look certain to go ahead, and maybe also Paris and Geneva. Flights to Zurich and Copenhagen may not start, however, until next spring.

Air Europe says it will offer cheap and simple fares on its new European routes.

Top Lloyd's underwriting group to buy rivals

BY NICK BUNKER

STURGE HOLDINGS, the most powerful underwriting group at Lloyd's of London, is to buy the Bellew, Parry and Raven underwriting agencies in a move that will bring Sturge close to the size of a considerable British composite insurance company.

Sturge manages 16 insurance syndicates at Lloyd's, with gross premium capacity this year of more than £1bn. Acquisition of the Bellew, Parry and Raven agencies will add another £216m, making Sturge roughly as big as the non-life insurance business of Eagle Star, the UK's sixth biggest composite insurance group.

The move is one of the largest acquisitions in the Lloyd's market for some years, but comes at a time when several of the larger agents have been seeking to expand either within Lloyd's or by the acquisitions of other financial services businesses.

Bellew, Parry and Raven manages 13 Lloyd's syndicates and acts as members' agent for 752 of the market's members.

Sturge's move is also significant, however, because Lloyd's is likely to report soon on the *outcome of a three-year-old* investigation into Bellew, Parry and Raven.

This arose from the Fidentia affair, in which two Lloyd's underwriters — Mr Terence Brooks and Mr Raymond Dooley — were found to have improperly diverted syndicate funds into an offshore company which they controlled.

Two Bellew, Parry and Raven directors, Mr John Parry and Mr Frederick Raven, were censured by Lloyd's last November after an investigation of their dealings

Sturge said its acquisition was being made "in conjunction with certain senior management" of Bellew, Parry and Raven. It is still subject to contract and approval by the Lloyd's authorities and is not expected to be completed before October 1.

Shares in Sturge—the only Lloyd's agent quoted on the Stock Exchange—closed up 11p at 465p last night.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Airflow Streamlines	101	+ 7
Allied Lyons	443	+ 13
Alphameric	391	+ 30
Amstrad	223½	+ 16
Argyll Group	472	+ 18
BPB Industries	776	+ 28
BTR	332	+ 18
Bass	992	+ 28
Beecham	545	+ 14
Boots	310½	+ 12½
British Gas	119	+ 10
British Telecom	312	+ 12
Britoil	278	+ 12
CPU Computers	82	+ 10
Collins (Wm.)	688	+ 29
Delyn Packaging	600	+ 75
Hillsdown	285	+ 12
ICI	£14¼	+ 0$\frac{1}{16}$
Jones (E.)	168	+ 27
Lonrho	292	+ 12½
Micro Focus	187	+ 10
NatWest Bank	673	+ 20
Pilkington Bros	878	+ 23
Plessey	210	+ 6¼
Smiths Industries	326	+ 16
Thermal Scientific	285	+ 15
FALLS		
Argyle Trust	161	− 7
BPCC	297	− 14
Johnson Fry	260	− 20
Next	332	− 10

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	T	21	70	Dbrvnk.	R	16	61	Madrid	S	24	75	Rykjvk.	C	8	46
Algiers	F	23	73	Ednbgn.	C	12	54	Majorca	F	22	72	Rhodes	S	23	73
Amsdm.	F	13	55	Faro	S	23	73	Malaga	S	22	72	Rio J'of		—	—
Athens	S	22	72	Florence	C	23	73	Malta	C	22	72	Rome	C	18	64
Barclna.	S	22	72	Frankft.	C	13	55	M'chstr	F	14	57	Salzbrg.	F	14	54
Belfast	R	11	58	Geneva	C	15	59	Melbne.	C	14	57	S'ciscot	C	12	64
Belgrd.	C	20	68	Gibrltr.	S	19	66	Mx. C.†		—	—	Seoul	S	23	73
Berlin	C	12	54	Gl'sg'w	C	11	52	Miami†	S	22	72	Singapr.	F	31	88
Blackpl.	R	12	54	G'msey	F	14	57	Milan	F	23	73	S'tiagot		—	—
Brmghm	C	15	59	Helsinki	C	7	45	Montrl.†	C	20	68	Stckhm.	F	11	52
B. Aires		—	—	H. Kong	R	24	75	Moscow	C	5	41	Strsbg.	R	15	59
Bombay	S	33	91	Innsbrk.	C	15	59	Munich	F	17	63	Sydney	S	18	64
Bordx.	C	18	64	Invrnss.	S	11	52	Nairobi	S	25	77	Tangier	C	13	55
Bristol	C	15	59	I.o.Man	R	10	50	Naples	R	18	64	Tel Aviv	S	25	77
Brussels	F	14	57	Istanbul	S	19	66	Nassau		—	—	Tenerife	S	19	66
Budpst.	F	20	68	Jersey	F	17	63	Nwcstl.	F	13	55	Tokyo	F	22	72
Cairo	S	28	84	Jo'burg	S	20	68	N Delhi	S	38	100	T'r'nto†	S	23	73
Cardiff	C	16	61	Leeds	C	15	59	N York†	S	24	75	Tunis	F	25	77
Cape T.	S	29	84	L. Plms	S	23	73	Nice	F	22	72	Valencia	S	25	77
Chicg.†	S	22	72	Lisbon	S	25	77	Nicosia	F	25	77	Venice	T	23	73
Cologne	R	12	54	Locarno	F	23	73	Oporto	S	19	66	Vienna	S	18	64
Cpnhgn.	C	9	48	London	F	18	64	Oslo	S	13	55	Warsaw	C	12	54
Corfu	S	21	70	L. Ang.†	C	13	55	Paris	F	17	63	Washgtn	Fg	21	70
Dallas†	R	18	64	Luxmbg.	C	13	55	Perth	S	20	68	Wellgtn	S	15	59
Dublin	R	13	55	Madeira	S	21	70	Prague	C	16	61	Zurich	R	11	52

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.

Japan spending plan

Continued from Page 1

boost imports by \$5bn to \$6bn (£3bn to £3.7bn) a year.

Mr Yasuhiro Nakasone, Prime Minister, said the package reflected the fact that it was time for Japan to take greater *responsibility in world affairs.* He predicted it would be accepted by other government leaders at the Venice summit.

The main elements in the package are:

- Y5,000bn for public works in the current fiscal year, including disaster relief projects, education, research and development facilities, highway construction, local government capital projects and housing loans:
- at least Y1,000bn in income tax reductions in the current year;
- \$1bn in purchases of foreign goods by the Government.
- A plan to double the overseas development aid budget to \$7.6bn will be implemented by 1990, two years ahead of schedule. The Government will back more than \$20bn in new and untied loans to the developing countries and provide \$500m in new aid to African and other very poor countries over the next three years.

An extraordinary session of the Diet (Parliament) will be convened in July to pass a *supplementary budget* incorporating the new spending plans.

Peter Montagnon writes: Mr Clayton Yeutter, the US Trade Representative, said yesterday: "The Government of Japan is to be complimented for a major *step forward." He told* an internationally televised news conference: "It was a package Mr Nakasone could take to the Venice summit with pride.

Mr Yeutter cautioned, however, that details of the plan and the way it would be imple*mented required further study.* It was particularly important that extra demand should feed through into imports. "If we get extra demand and the import numbers do not change, then there will be a lot of pressure."

Commenting separately on the prospects for the summit, Mr Yeutter said financial markets should not expect fresh measures to stabilise the dollar. It would be unrealistic to expect such a programme out of each international meeting, and there *would be no rationale* for a turbulent market reaction out of disappointment if one was not forthcoming.

Issues that were likely to surface at the summit included reform of world agriculture. Though the US was pleased with *the language* of the recent Organisation for Economic Co-operation and Development communique on this subject, "we really need to deal with this problem in a significant way." Having heads of state express a "truly meaningful and dramatic" commitment to reform was much more important than ministerial consensus at the OECD.

Mr Yeutter also said he was encouraged by Japanese proposals for a major transfer of financial resources to developing countries. He hoped other nations would also begin to focus on similar moves and that this was a topic which would arise in Venice.

Janet Bush adds: News of the Japanese package lent the dollar a firmer tone yesterday but the reaction was fairly muted as foreign exchange dealers were reluctant to build large new positions prior to the weekend. There is also a great deal of caution to business as the market weighs up prospects for the Venice summit.

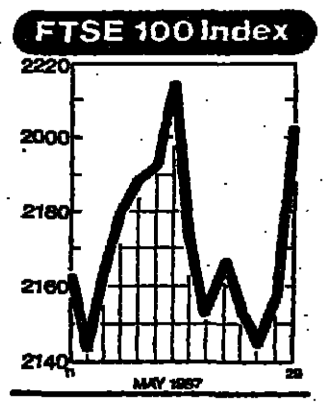
Yesterday's US leading indicators had little impact as the 0.6 per cent of all in April was balanced by an upwardly revised 0.8 per cent increase the previous month.

The dollar ended European trading at DM 1.8245 compared with Thursday's closing DM 1.8160 and at Y144.00 after Y143.40.

THE LEX COLUMN

Never mind the quality

Index rose 33.9 to 1712.1



There is little point in trying to argue that the equity market is moved these days by much more than the last opinion poll seen before the opening. The indices have traced every narrowing and widening of the gap between Tories and their *nearest rivals since the election* was called, ending with yesterday's near record gain of 45.6 points on the FT-SE 100 index. There was even a surge of buying to greet the new—election—account, and some market makers may be feeling distinctly uncomfortable about their positions.

Even those analysts who try to bring non-poll rationality into explaining the sharp fall and almost as large recovery in recent days can come up with little more solid than the trade figures. Expecting them to be bad, the market was not so much worried by the unhappy *consequences* for the economy as the concern that such figures could be used in evidence against the governing party. With the statistics respectable, and sterling more settled, the market was barely stoppable.

Most brokers' salesmen and their institutional clients seem unable to look much beyond the election, except to express their fervent belief in the wave of foreign money just waiting for the desired election result to be unleashed in a frenzy of buying. Their perception of value in the UK market goes only so far as to assert that relative to Japan it is cheap. Those few remaining grey-beards, most of whom have been consistently wrong as the market has continued to rise beyond its historic points of reference, find *it difficult to hold* back the enthusiasm with warnings of overheated multiples. And hardly anyone dares mention the yield ratio any longer, since it has been stretched beyond even recent limits by a more sober gilt-edged market, realising perhaps that a third Conservative term can do little more than the second. In the equity market it is widely expected that even if Japanese exports falter, its p/e ratios can be manufactured under licence in the UK.

Fund management

The stock market has always been able to accommodate paradox with equanimity. But there can seldom have occurred such an anomaly as the recent sharp underperformance of the fund management sector. As *Alexanders Laing & Cruick*shank points out in its quarterly review of financial service companies, the sharp rises in world stockmarkets this year is a particular boon for the funds companies, yet not only have they been left trailing in the wake of other stocks, their ratings have actually declined, and are now at a substantial discount to the market.

If investors feared the onset of a bear market, then assuredly the fund companies are not the stocks to be *in.* But the *bulls* have the London market between their teeth. If these animals are capable of logical thought then they must see that stocks which are effectively a warrant on that market should, if anything, be accorded a premium rating. Yesterday's market movements underlined this paradoxical trend. The FT-SE index rose by an almost unprecedented amount, yet the fund management stocks barely twitched into life.

ALC is by no means alone among the fraternity of financial analysts in judging the fund management sector a screaming buy. So something fishy must be going on. It is. The pension fund and unit trust companies are simply unwilling to invest capital in their quoted rivals. This is why almost all of *the flotations of these companies* have been so difficult, with first day discounts the rule rather than the exception. And thereafter it remains difficult to flourish, when most of the natural buyers turn a cold shoulder.

This ought to present an excellent *buying opportunity* for foreign investors without axes to grind. But the problem is that the sector, with a total capitalisation of less than £1.7bn, is too thin easily to accommodate the scale of funds which US or Japanese buyers would wish to invest. Yet if the UK pension funds manage to swallow their pride and engage in the disinterested pursuit of profits for their clients, then the very thinness of this market will make for a spectacular rerating.

Sunleigh/Dale

If it is true that hostile bids do seriously disrupt the functioning of target companies, then presumably shorter bid *periods are* — within reason — of benefit to investors in bidding and defending companies. In which case it is rather unfortunate that Williams' failure to haul in Norcros should have been attributed, in part, to an over-confident shortening of the bid timetable. Sunleigh Electronics decided to follow suit (at least, for the cash *alternative) in its bid for* Dale Electric, and judging by yesterday's share prices, appears to have failed too. Sunleigh always faced an unequal struggle against a family stake of over 20 per cent and some hefty holdings from loyal institutions, and its decision to foreshorten — like Williams' — may be as much about other fish to fry as underwriting costs.

Ifincorp/Tranwood

It is hard to imagine a nicer fit than the reported engagement of Ifincorp Earl with Tranwood. The bride, Tranwood, would of course bring a somewhat irrelevant trousseau in the Bear Brand hosiery business, as well as the much more considerable dowry of its Stock Exchange listing — the lack of which has been a handicap to Ifincorp in its two Demerger operations. It would add a touch of romance if Tranwood could allow Ifincorp a token success for its demerger techniques, but that might snag once more on the loss of quote. So it looks as if Tranwood is going to have the formal fulfilment, after the Aitken Hume disappointment, of using its paper to take over a financial services company — albeit an unusual case of a shell taking over something smaller than itself.

WEEKEND FT

Saturday May 30 / Sunday May 31 1987

A visionary approach is needed to redefine the Victoria and Albert museum. **Colin Amery** argues the case

Victorian values for the millennium

IN THE next few days, under the usual veil of civil service secrecy, a committee of the great and the good will meet to select a successor to Sir Roy Strong as director of London's Victoria and Albert Museum. The first sift has been completed and nine candidates are expected to proceed to first interviews. Then, in a break with usual procedures, a final shortlist will be invited to spend a day at the museum in June and to prepare an agenda for the next five years of the plans for the museum's future. Whoever is elected will have the daunting task of managing the V and A, now officially styled The National Museum of Art and Design, for the annual salary of £38,425, with responsibility for seven acres of collections and about 700 staff.

Why is this appointment so important? The V and A is almost the archetype of the nineteenth century museum that, even at this late date, has to make a leap into the twentieth century that will prove its usefulness to the nation as we approach the millennium. The new director must illuminate the vast collections of fine and decorative art in a way that makes them comprehensible for the growing public audience interested in all aspects of human creativity. The first thing any new director has to do is to sit down and ask what the V and A is for?

The evolution of the museum is complex. Like so many of Britain's national institutions the V and A is the child of an imperial past. Of all South Kensington museums and institutions it is the most heavily imbued with the spirit of Prince Albert. Its overcrowded stores and galleries still feel like fragments of the Great Exhibition of 1851, and indeed are the embodiment of the Prince Consort's preoccupations with the "improvement of design and manufactures." The V and A that we see today is less than 100 years old. Not until the end of the 19th century was the museum rationalised; the science departments were separated and collecting emphasised the visual arts.

In the earliest years, when the museum grew from a Museum of Manufactures with a school of design into the Museum of Ornamental Art, the potential for anomaly and confusion began. The clarity of the original didactic intention — that any permanent successor to the Great Exhibition should show by example the difference between good and bad design and manufacture — soon became overlaid by the kleptomanic desires of keepers determined to amass a vast collection of fine and applied art from all over the world.

Henry Cole, the first real director of the museum, struggled in the early days to ensure that the museum would create "a climate for improvements in the character of our national manufactures." He and the Prince Consort wanted to spend the profits of the Great Exhibition to continue its propaganda. For instance, in the earliest days of the Museum of Manufactures (which began life in Marlborough House) there was a Chamber of Horrors to show how not to advance the cause of good design. The gifts and acquisitions that followed the museum to South Kensington soon assumed that accidental character — a sympathy between a donor and a curator, the pursuit of strong personal tastes — that confused the original founding intentions.

As early as 1854 Prince Albert had commissioned Gottfried Semper to design the new South Kensington museum. Those designs are now lost but it is known that they were both practical and inspirational. Semper shared with Prince Albert a great interest in the ideas of applying art to industry. He was also very pragmatic and his scheme for South Kensington showed a museum surrounded by colonnades, shops and residences — firmly rooted in the activities of daily life.

The relatively haphazard growth of the collections brought paintings, sculpture ancient and modern, architectural fragments and casts, animals products, the National Art Library, patent models as well as samples of new and old materials. The first purpose-built home for this miscellany opened its doors in 1857 in South Kensington. Prince Albert's scheme designed by Semper was not built and the early building programme under Henry Cole's direction was carried out by Captain Fowke of the Royal Engineers. Victorian faith in the Sappers reflected the kind of confidence that Prince Albert had in Henry Cole. (He is reported in 1863 as saying "When we want steam we must get Cole.") The sappers got things done.

As the museum grew in the 1860s it maintained one important principle: the museum had to show its own buildings the skills and crafts of its own time. Elaborately decorated rooms, corridors and staircases demonstrated the design principles of William Morris, Burne-Jones, Rueben Townroe, James Gamble and many others. The first decades at Brompton were very successful but in the 1890s criticisms of the museum were being made at all levels. Overcrowding, poor display, bad labelling, the purchase of fakes, collapsing buildings, even the misappropriation of funds, were just a few of the criticisms. A Parliamentary select committee sat for a year in 1897 and produced a report in 1898 highly critical of the administrative chaos and general confusion of the museum. It recommended the separation of the scientific departments (to form the Science Museum); the employment of specialist curators; and the reform of the administration at all levels.

Shortly after, in 1899, Queen Victoria laid the foundation stone of the building designed by Sir Aston Webb that was to help unify the architectural heterogeneity of the site and give the museum its imposing public facade on the Brompton Road. The old Queen had not forgotten the purpose of the museum. She was gracious enough to christen it the Victoria and Albert Museum — trusting that it would "continue to be a powerful factor in the industrial enlightenment and artistic training of my people."

Since the 1890s one thing that the V and A has done is to grow. Its collections of metalwork, ceramics and glass, sculpture (it is the national collection of sculpture) furniture and woodwork,

textiles and dress, prints, drawings, photographs and paintings as well as Indian, Far Eastern and Continental fine and decorative arts, have swollen beyond belief. It has acquired whole houses to furnish, display and look after, at Ham and Osterley, as well as the Wellington Museum at Apsley House. It runs the Theatre Museum in Covent Garden and the Museum of Childhood at Bethnal Green. There is also an important outstation, the National Archive of Art and Design at Blythe Road in Hammersmith.

No-one should under-estimate the achievement of the retiring director, Sir Roy Strong, in holding this federation of largely conservative institutions together since his appointment in 1974. He has also presided over some of the greatest changes since the 1898 report. In 1984, after the Government Scrutiny conducted by Sir (now Lord) Derek Rayner of Marks & Spencer, trustees were appointed for the first time and the museum was removed from the aegis of the Department of Education and Science. Lord Carrington, secretary-general of Nato and former foreign secretary, became the first chairman of the trustees in April 1984. Staff were no longer civil servants (although they are paid by the Government) and management had to be provided entirely within the museum without the resources of a large Government department.

Resources are the key problem for the newly constituted V and A. There is a Government grant of £11m per annum. Of this modest sum 80 per cent is immediately swallowed up in wages and salaries where the Government has created an unbelievable problem by awarding two years running salary increases that are by no means matched by the additional grant. Last year the grant was increased "for salaries and inflation" by 2.9 per cent. At the same time the Government settled for a wage increase for the Civil Service of some 6 per cent. In the labour-intensive institution like the V and A the trustees are left to pay the increased wages with no money. The same thing has happened in the current year — a 3.5 per cent increase in the grant and a 4.8 per cent increase in the wage bill. As Lord Carrington says: "The place is run on a shoestring."

In one area the Government, under pressure, has not been ungenerous; they have at last granted more funds for the repair of the fabric. In 1984 the Government Property Services Agency presented the trustees with a report that showed outstanding repairs to the fabric of the V and A that totalled some £26m. About £5m has been spent over the last three years. Much more will be needed to fund the thorough going master plan drawn up by the newly appointed architect to the V and A, Michael Hopkins and Partners. This is a serious and long overdue attempt to rationalise the architecture of the V and A and improve the display.

Lord Carrington says it is the fabric of the buildings as well as the fragile management that most concerns him. "When we arrived on the scene the trustees very nearly inherited a heap of rubble." The full story of the neglect of the fabric has never been explored but it amounts to a scandal and the fundamental reason for it must be Government parsimony towards the museums.

Trustees may be able to cut some ice in Whitehall but the real task for the new director will have to be to find new sources of money. Extraordinary economies are practised at the V and A that no member of the board of trustees would contemplate for a moment in his own business. Windows are not cleaned, secretaries scarcely exist, curators live in awkwardly located offices or cupboards and — as any visitor knows — sometimes more than twenty galleries are closed at one time. As a further economy the museum is shut on Fridays.

Sponsorship is only part of the answer. To date, Trusthouse Forte has paid for the installation of the new Medieval Treasury, Toshiba for the Japanese Art and Design Gallery and Pirelli for the newly designed garden to be opened in June. However gratefully received, this sponsorship is totally inadequate. It is surely not reasonable for the Government to refuse to meet its obligations to run the national museums effectively. Where is the spirit that can create a *Musee d'Orsay*, a new Louvre, a Picasso Museum — so manifestly exemplifying the French Government's commitment to the cultural life of the nation? Voluntary donations can be only a gesture.

The V and A appears to be too big and too complex with its mixture of collections to be grasped as an entitity by the public and to potential donors. Of all museums, the V and A belongs firmly in the marketplace. While its looks are slowly improving it suffers from appearing to be a museum run for the keepers rather than the public. Of course we expect scholarship and dedication to the collections and their conservation but what has happened to what Queen Victoria called "the enlightenment of industry?" The proposed division of the collections into Art and Design galleries and Materials and Techniques galleries surely opens the way for the active (and financial) involvement of British industry in a way that no one seems to have contemplated. The past achievements of designers and craftsmen are the roots of the present. It is at the V and A that contemporary British and foreign achievements should be displayed in the context of their inheritance.

We are constantly being told that design is at the root of industrial success — and surely it should be at the root of the long overdue reform of the V and A. The Government should, I suggest, close down the Design Centre and its accompanying council and put some of that money towards the plight of the National Museum of Art and Design.

British industry needs design leadership and example now more than it did in 1851. The V and A is the right place for it because it supplies what is so often missing in so-called design history — a thorough grounding in the history of artistic achievement. The Boiler House at the V and A has only hinted at the possibilities for the reactivation of 20th century design. We do not need more trivial exhibitions but well-thought-out displays — for example, of computer-aided design — funded by the industry and supported by the relevant scholarship and historical support available only at the V and A. All the trades and businesses working today in the materials and techniques shown at the V and A have a key role in the future of the museum.

None of these proposals needs to be carried out at the expense of the "fine art" side of the museum. Fine and applied arts should support each other. How strange it is that the curators of the V and A spend about a fifth of their time (according to Rayner) giving free opinions on works of art. Much of this work is for the fine art trade and the salerooms; it seems a curious way to subsidise the art trade—surely it should be the other way round?

The new director will have the chance of a lifetime to change the way industry and the arts relate to one another. This does not mean discarding the past but it does mean rationalising it to serve the present.

The V and A has the potential to be notably a museum but also the catalyst for the transformation of industrial and commercial design. This process may well need a new breed of staff; the key appointment is the new director. Will the trustees find the visionary so clearly needed?

The Long View

A shortage of speculators

Professor Charles Goodhart was for a long time chief monetary economist of the Bank of England; when he says that markets are short of speculators, Anthony Harris sits up and takes notice.

SOMETHING very odd happened this week. For two days the dollar put on the kind of performance that has headline-writers reaching for the word "surging." Then it stopped surging.

Nothing unusual about that; but what was unusual was that during the boomlet none of the dealers even pretended to know what was going on. "Purely technical" they muttered, meaning that they didn't really believe their screens. Then they were proved right.

This little episode broke a number of the rules which hardened market-watchers live by: Rule 1: a dealer will always invent a plausible explanation for anything that happens. Rule 2: this explanation never actually means anything, but simply demonstrates the truth of Rule 3: dealers always believe that the market is right.

I spent a little time last week trying to discover if Professor Charles Goodhart also found this episode odd, before I was told that he was away in Canada. The reason for chasing him was that a week earlier he had delivered his official inaugural lecture at the London School of Economics, a rather delayed celebration of the fact that he had privatised himself last year.

The man who used to study the markets officially for the Bank of England, and thus knows them much more intimately that most academics can hope to do, was talking about the currency markets. He finds the markets something of a puzzle, as everyone does, and some of his theories about it are a bit puzzling, too.

To begin at the beginning, his first finding is that exchange rates follow what economists call a random-walk path in any short period; that is, you cannot predict today's rate by looking at what happened previously.

This is exactly what efficient-market theory predicts, which is rather comforting. There is more or less no such thing as private information in the currency market, except on the odd days when somebody — nearly always a central banker — knows, say, what the trade figures are going to be. (The Bank of England may have turned that knowledge to profit on Wednesday). The currency market ought, therefore, to be an efficient one in the strictest sense.

However, there is a puzzle here; because the exchange market also "ought," in the economist's sense this time, to reflect some underlying reality about competitiveness, or purchasing power parity, or something. The rival theories are a puzzle in themselves.

Yet as everyone knows, for months or even years exchange rates can move in a direction which defies every known theory; and then they reverse to invalidate any new theories which traders have dreamt up in the meantime. These movements can become so strong that they defy not only economic theory, but efficient market theory too; not a random walk, but a determined trudge in a perverse direction.

The first Goodhart theory to explain this is that the market is the scene of a constant struggle between two different kinds of operator — random walkers (usually equipped, in my experience, with charts) who know what the market is doing; and fundamentalists, who know what it ought to be doing. The chartists follow a trend until it reaches some vulnerable point of absurdity, then it turns, and the fundamentalists rule for a spell.

It seems to me that this dramatises the problem without actually explaining it; but what does explain it is his second observation, about the shortage of speculators.

He modestly quotes a paper by David King of Citibank in New York, which is a big market operator, to establish a point he no doubt knows from his own experience.

"Private market participants are highly risk averse to uncovered foreign exchange positions, especially longer-term. As a result, positions that would have moderated extreme (misalignments) of exchange rates from their long term paths are not taken . . ."

In plain English, even the fundamentalists in the market are not prepared to put their employers' money where their analytic mouth is. Perhaps they do now know which of the rival economic theories they should back.

Most dealers would say that this attitude is only common sense. They will certainly not win promotion by carrying large loss-showing positions on their books for days or even months on end, assuming that they are allowed to run any kind of open position at all.

Many banks have banned this after some hideous experiences, and some central bank supervisors insist on such rules. So stabilising speculation is actually forbidden in the private sector markets; central banks are allowed to play, but they are usually trying to achieve political objectives rather than maximum profits.

Since Goodhart was himself a central banker until quite recently, one might suspect him of teasing (and it would not be the first time); but in fact his observation does not just apply to the currency markets. It draws attention to a quite general truth about the management of money by remote control, and by employees.

The dealer closing his position before heading his Porsche for the nearest gin and tonic is following the same basic rule as the fund manager preparing for his weekly performance review: neither of them dare buck the market.

Yet really big profit can best be made by bucking the market — buying or selling ahead of the turn. The reason is simply that once the market does turn, it is too late for a big operator to move at all: there are no buyers, or no sellers, and prices move in a near-vacuum.

The small investor can still trade, and he can, if he has strong nerves, buck the market; that is why you will always meet a successful few who genuinely do beat the managed funds by miles—even the good ones. And as we saw last week, it is not at all a certainty that your fund manager is a good one. It may be easier to pick a good stock.

·CONTENTS·

• MARKETS •

Stocks follow polls

THE STOCK MARKET'S election account, going by yesterday's leap in the indices, should open Monday with a burst of buying enthusiasm. However, trading volumes have been lower in recent weeks, with overseas buyers in particular holding back until they see a winner crossing the finishing line.

The three-week holiday account, much disliked by professionals who seek to turn over their money quickly, ended yesterday and investors can now deal in the new account which closes on June 12.

The FT-SE 100 (or is it just the market makers?) has responded almost daily to the trend set by the latest polls. As this is likely to continue to be *the case in the run up to June* 11, how can investors best second guess the mood of such a volatile market?

Pundits have made a strong case that the polls shift in line with the popular perception of the performances on the air by leaders of the two main parties. Investors could therefore do worse than listen to the BBC's morning election phone-in programme before making any moves.

At the start of this week Labour was closing the gap with the *Tories—over last weekend* the FT's poll-of-polls had the Conservative's lead falling to 6.5 per cent. In response, the FT-SE fell 21 points over Tuesday and Wednesday. By Thursday, defence had become a sticky wicket for Labour and the gap widened, first to 8.3 per cent and then to 8.8 per cent yesterday.

With the Tory vote apparently holding up, the market put on almost 60 points in the last two days of the week. However, Japanese institutions, apparently all cashed up and ready to go, remain puzzled by all this uncertainty. While they retain a general belief that the UK's leading stocks are cheap they seem bound to sit out most of this account.

Almost as a backdrop to all this election fervour has been the behaviour of sterling. The trade weighted value slipped 2½ points over four days to reach 71.8 per cent by mid-week. However, the expected move of the current account into the red did not take place but only by a squeak.

April's figures showed a £96m surplus. From Wednesday on sterling recovered, ending the week with its international value regaining almost a full point.

This recovery in sterling, partly aided by the Bank of England's intervention on Wednesday, has dampened hopes of a downward move in base rates before June 11—and fears of a post-election rise have also abated.

London

Also on Wednesday, Courtaulds impressed the City with 1986-87 preliminary results about £10m ahead of forecasts at *£201m pre-tax*, a 41 per cent leap.

Some attention has been devoted to Courtaulds' small 4 per cent sales growth in 1986-87. Sir Christopher Hoss, group chairman, explained that this was due to the "materially improved" quality of sales. In plainer language this means capacity in lower margin areas such as celophane, children's wear, fabrics, and viscose has been cut.

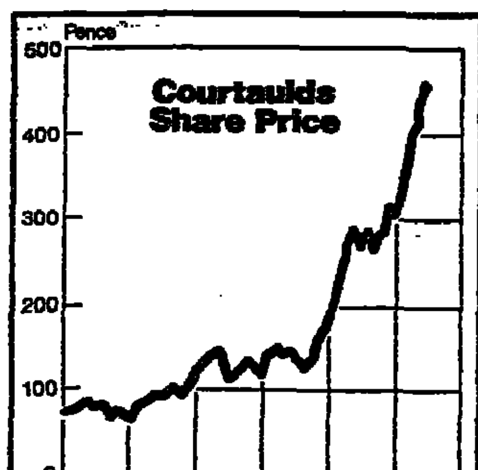
The improved sales mix—with fibres, wood pulp, chemicals and packaging all firing strongly—helped the group operating margin up to 9 per cent from 1985-86's 6.9 per cent. Lower input and energy costs, coupled with a stronger competitive position due to favourable currency movements in Europe, kept most plants working at full capacity. Prices to customers, however, were stable, enabling these gains to be sustained through to the operating level.

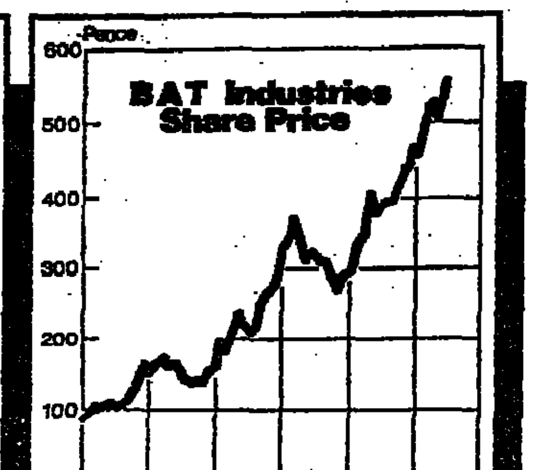
The black spot was paints — once again. International Paint has posted operating profits of £21m, £23m, £23m and £21m in the past four years. The shift (and continued decline) of the ship construction industry towards the Far East, plus the capsizing of the oil rig business, has prevented the hoped for recovery from taking off.

However, Courtaulds' paints have done better than most, gaining market share and penetration while all around suffer the general depression. Any recovery in the dollar will assist, and the rapidly developing powder coatings operation could benefit from acquisitions in the industrial area — possibly in the US, but with an open mind about going for something in Europe.

What has especially marked Courtaulds in recent years has been *its ability* to sustain a high capital expenditure programme (£150m in 1986-87, more than double the 1983-84 amount) without denting cash *flow or adding to debt.* Acquisitions, however, have only been a minor feature in this spending and this is expected to change soon.

Nevertheless, in this volatile market where trading in front line stocks has been especially slack, Courtaulds' shares were slow to move forward after the excellent figures. However, forecasts of another good profits rise of around 20 per cent for this year have the brokers agreeing on firm buy recommendations. Given a prospective rating of 10½ times forecast earnings and the argument that another 1½ points is justified *on a quality/earnings* growth basis, then the breaching of the 500p mark should not be long in coming.





BAT Industries, seen by some *as one of the unsung heroes* of the alpha stock brigade, saw off the £21m impact of a weak dollar to produce a 15 per cent rise to £272m for its first quarter.

The star performer was financial services, with both Eagle Star and Allied Dunbar adding to quality of earnings by gaining from new business rather than their more mercurial investment accounts. A £10m fall in Eagle's underwriting losses helped push trading profits at this BAT division ahead £35m *to £94m.*

The market may still blink at the linking of insurance, pensions and smoking which BAT has fostered in its efforts to diversify but in spite of still falling volumes across the western world, the group's tobacco trading profits were up just over 12 per cent to £156m. Hence for the first time, BAT's dependence on the dreaded weed fell below half of profits.

There are signs that in the US the move away from smoking appears to have decelerated. Certainly, Brown and Williamson had a good three months, and BAT is making strides into the Japanese market. Lower promotional spending — last year's first quarter figures contained heavy post-launch costs for *Richland—also helped the* US performance.

BAT's carbonless copying paper was a dull performer in a paper division generally effected by higher raw material prices on both sides of the Atlantic. The difficulty of passing on the increased input costs quickly enough is likely to persist.

The group's small retailing wing (Argos in the UK) managed to turn in a small profit, against a loss of £1m last year, but some analysts question the amount of management effort involved in running and rationalising small chains in several countries. Recently, BAT sold off much of its US retailing side and the *C$27m* losses at associate Peoples Drug Stores in Canada could just add to the group's disenchantment.

Stockbroker Wood Mackenzie is hopeful that BAT's 1987 *profits will pass the £1.6bn* mark, a percentage rise in line with that achieved in the first quarter. The shares are still suffering from the tobacco overhang and are trading at less than nine times forecast earnings.

As Rothmans is on a prospective multiple of 12 to March (10 to March 1988) the difference in rating comes down to an evaluation of the respective merits of Dunhill versus Eagle and Dunbar. This suggests that a modest uplift for BAT appears overdue—though not one large enough to force the addition of a government wealth warning on every share certificate.

Terry Povey

Radio profit switch on

THIS YEAR radio has finally succeeded in returning to the City's good graces. Ever since Radio City surfaced on the USM in 1982 the sector has been dogged by erratic advertising and misguided investments. But this year all that has changed.

The combination of buoyant advertising and cuts in network costs has boosted earnings *while Capital Radio's successful* main market flotation has redirected investors' interest towards the sector. The share prices of the USM stations—*City in Liverpool*, Clyde in Glasgow and Piccadilly in Manchester—surged in the opening months of the year and received another fillip this week when all three unveiled healthy interim results.

Piccadilly was the first to report when it announced a 36 per cent increase in pre-tax *profits to £253,139 on* Tuesday. In many ways, Piccadilly has been the least adventurous of the publicly quoted stations. But its prudence has paid off. By clinging to the business it knows best Piccadilly has at least avoided the disastrous diversifications which have plagued City and Clyde.

Its prospects have thus followed the fortunes of the advertising marketplace. Unfortunately, radio advertising has been distinctly dull. Piccadilly's profits—and the progress of its share price—have followed suit. But this year a boost for radio revenue, combined with new sponsorship deals, should propel profits to £600,000, leaving the "A" shares, which have more than doubled already this year, on earnings of 3.7p.

Piccadilly is now poised to be a little more enterprising. It *has already established a sub*sidiary to supply sound and lighting equipment to discos, and future diversification will be directed towards similar leisure related activities.

On Wednesday, Radio City trumpeted its return to profit by turning losses of £169,000 into pre-tax profits of £72,000 in the first half of its financial year. The radio station itself, benefiting from both an uplift in local and national revenue, produced profits of £140,000. But the company was hampered by Beatle City, the museum of Beatles memorabilia, which has made losses since its opening three years ago.

After two frustrated attempts to dispose of the museum, Radio City has succeeded in selling the memorabilia and is on the brink of selling the building, albeit for less than book value. But its disposal, combined with buoyant advertising and a leaner cost base, should ensure pre-tax profits of £225,000 and earnings per share of 8p for *the full year.*

Radio City's share price already reflects its recovery, having trebled in 1987. Meanwhile, Radio Clyde, which has watched its shares double in recent months, unveiled a 41 per cent increase in interim profits to £442,750 on Thursday.

Junior Market

The company jettisoned its troublesome investment, Clyde Electronics, two years ago. This disposal, together with *healthier revenue and cost cut*ting, should steer pre-tax profits to £750,000 and earnings per share to 8.5p this year.

For individual investors who have long been drawn to radio as an attractive form of investment, the crucial question is whether the stations can sustain this recovery.

*The benefits of cuts in net*work costs—from the recent reform of the Government levy on profits and reduction in the Independent Broadcasting Authority's transmitter rentals —will certainly continue. Similarly, a more liberal stance from the IBA has enabled the stations to nurture new sources of income such as sponsorship.

Whether the present growth in advertising will continue is less certain. Radio revenue rose by 11 per cent to £91m in 1986 according to the Advertising Association, which expects "further real growth" this year. However, as Richard Eyre, media director of the Bartle Bogle Hegarty advertising agency, says many advertisers have increased radio expenditure simply because the cost of TV advertising has risen so rapidly.

In theory this influx of new advertisers should offer an opportunity to the stations to prove just how effective radio advertising can be. But as Eyre points out, radio attracted lots of additional revenue during the ITV strike of 1979, only to lose it as soon as the strike ended.

The commercial radio stations have begun to market the medium more aggressively in the past year or so. The number of "sales houses" which sell airtime has multiplied. This trend should be intensified by the flurry of radio mergers, catalysed by the arrival of Australian predators such as Darling Downs and the Paul Ramsay group, and the expansion of the Lancashire station Red Rose, which plans to go public later this year.

In the long term, it is the Government's proposed reform of the radio system which poses the greatest problem for the local stations. The Green Paper on radio, published earlier this year, proposed the creation of a three tier structure with three national commercial networks at the top, hundreds of community stations at the bottom and the established local stations hovering in between. How the stations adapt to this "middle" role remains to be heard.

Alice Rawsthorn

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 high	1987 low	
FT Ordinary Index	1,712.1	+25.4	1,719.0	1,320.2	Opinion polls provide stimulus
Airflow Streamlines	101	+20	101	60	Preliminary results due Monday
Associated Fisheries	210	+25	210	111	Interim profits rise 60 per cent
BAT Industries	569	+30	569	452	Impressive first-quarter results
Barclays	535	−18	578	484	Investigation into credit card operations
Beecham	545	+20	584	437	Broker's recommendation
Berisford (S. and W.)	363	+15	363	244	Associated British Foods bid hopes
Courtaulds	467½	+11½	468	304	Annual profits exceed expectations
Elliott (B.)	83	−18	113	71	Disappointing results/Rights issue
Grand Metropolitan	554	+30	554	439	Revived bid chatter
Greenall Whitley	254	−15	280½	187	Interim figures disappoint
Greycoat	380	+34	380	246	Charing Cross development funded
Harrisons and Crosfield	585	+47	585	462	Annual figures prompt rerating
Plessey	210	−10½	258	176	Profit-taking after preliminary results
Ratners	360	−16	377	248	Proposed £81.6m rights issue
Redland	518	+21	518	399	Excellent annual results
Reuters "B"	748	+42	748	550	Launch of new Equities service
Spice	196	+30	196	101	Interim results due shortly
T. and S. Stores	215	+20	220	123½	"Buy-Wise" acquisition
Vaal Reefs	£71½	−11	£92½	£54½	Bullion price weakness

Doing well over here

HANSON TRUST, the industrial conglomerate which claims in its television advertisements to be "doing rather well over there" will in fact be hit by the falling US dollar when it reports its interim figures on Tuesday.

Nevertheless, pre-tax profits will more than double last year's £157m, thanks to a first time contribution from the retained Imperial companies and a full, rather than three month, contribution from the rump of SCM.

Forecasts are wide ranging but the average guess is around *£330m. Although Hanson splits* its figures on a divisional basis, making it difficult to analyse the progress of individual companies, the Imperial business is expected to add around £100m, with an extra £40m coming from SCM.

LONRHO caught much of the City by surprise, moving its interim results reporting one month ahead of last year's to Thursday next week. The move has sparked speculation that Lonrho wants to show off something good in advance of its listing 20m new shares in Tokyo in late June.

Forecasts for the six months to the end of March range on either side of £85m, up from £71.1m last year, with a dividend of 4p.

Most of the boost should come from Western Platinum. Lonrho increased its stake in Western from 50.4 per cent to *100* per cent. Western's profits are well ahead, on the strength of platinum prices, and the acquisition should show up even more strongly as attributable profits, since Western was previously consolidated in the pre-tax profits, with minority interests discounted afterwards.

Results due next week

STOREHOUSE, the retail group comprising British Home Stores, Habitat, Richards, and Mothercare, is expected to show pre-tax profits of about £124m (£106m) when on Tuesday it publishes results for its first full year of operations.

BHS, which contributes more than half of group profits, is likely to have produced strong growth as a result of moving into higher margin product lines and getting out of food. Sales growth has been modest but at the interim stage the wage bill was reduced and productivity showed a marked improvement.

Mothercare's growth has been held back by problems with a new warehouse and its market share may be down. There should, however, be good news *about the US subsidiary, where* losses are thought to have been turned into profits.

Habitat is expected to have picked itself up after a disappointing first half when profits fell by 10 per cent.

City analysts have high expectations for REED INTERNATIONAL, the publishing, paper, and—*at least until* the end of the reporting year—paint group, when it reports full-year earnings on Wednesday. Profits to the end of March could come in as high as £190m before tax, up nearly 40 per cent on the previous year.

This follows on a 57 per cent rise in first half interim profits which surprised analysts, and there is a feeling that the second half of the year might not be quite that strong.

Publishing has been a star performer in the group, with trading profits expected to rise above £90m (£67.2m) Rationalisation of the European paper operation could boost profits from £14.9m to around £17m. In North America, modernisation and improved demand could push profits in paper manufacturing up by 60 per cent over last year's £14.2m.

Terry Povey

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Airow Streamlines	Monday	0.2	1.2	0.2
Carless Capel and Leonard	Tuesday	1.0	1.7	1.0
Chapman Industries	Tuesday	2.3	6.1	2.4
CML Microsystems	Tuesday	—	1.8	—
Delmar Group	Friday	1.7	1.8	2.0
De La Rue Company	Tuesday	2.7	8.2	2.7
Dunhill Holdings	Wednesday	2.0	3.5	2.5
Electro Components	Thursday	1.9	4.3	2.2
El Oro Mining and Exploration	Tuesday	—	4.6	—
English and International Trust	Monday	1.0	2.8	—
Exploration Company	Tuesday	—	2.3	—
FKB Group	Monday	—	2.5	—
Godwin Warren Control Systems	Tuesday	1.0	1.1	1.1
GT Global Recovery Inv. Tst.	Friday	0.7	1.7	0.7
Hill Samuel Group	*Thursday*	3.6	9.6	3.8
IBL	Monday	0.4	0.8	0.4
Monks and Crane	Tuesday	—	1.1	—
Norcros	Tuesday	2.8	6.5	3.0
Northern Sec. Tst.	Thursday	0.7	1.6	0.7
Phoenix Timber Group	Thursday	—	—	—
Powell Duffryn	Monday	4.5	10.7	4.7
Reed International	Wednesday	6.6	16.0	2.2
Rolfe and Nolan Computer Services	Wednesday	4.0	2.0	1.0
Sheraton Securities Int.	Monday	0.2	0.5	0.3
Sketchley	Tuesday	4.7	12.8	6.0
Storehouse	Tuesday	—	6.7	2.3
Valor	Monday	1.3	3.8	1.5
William Morris Fine Arts	*Friday*	—	—	—
INTERIM DIVIDENDS				
Bodyshop International	Wednesday	0.6	0.9	
Carlton Communications	Monday	2.6	5.4	
Fleming American Inv. Tst.	Wednesday	2.0	4.2	
Heavitree Brewery	Friday	2.0	9.0	
Lonrho	Thursday	3.6	6.4	
Mecca Leisure Group	Monday	—	—	
MEPC	Wednesday	3.0	8.5	
Schroder Global Tst.	Thursday	1.2	3.0	
Telecomputing	Wednesday	6.5	8.5	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	—	0-7
High interest cheque	5.50	5.61	4.23	3.08	quarterly	1	1,000-4,999	0
High interest cheque	5.80	5.93	4.46	3.25	*quarterly*	1	5,000-9,999	0
High interest cheque	6.20	6.35	4.78	3.48	quarterly	1	10,000-49,999	0
High interest cheque	6.50	6.66	5.02	3.65	quarterly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	*monthly*	2	2,000-100,000	90
Deposit bonds	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	6.34	6.44	4.85	3.53	half yearly	1	2,500 minimum	0
Schroder Wagg	6.02	6.19	4.66	3.39	monthly	1	2,500 minimum	0
Provincial Trust	7.15	7.39	5.57	4.05	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.58	6.47	5.06	3.89	half yearly	4	—	0
10pc Treasury 1990	8.78	6.14	4.38	2.91	half yearly	4	—	0
10.25pc Exchequer 1995	9.01	6.36	4.59	3.11	half yearly	4	—	0
3pc Transport 1978-88	6.34	5.51	4.95	4.49	half yearly	4	—	0
2.5pc Exchequer 1990	6.14	5.42	4.93	4.53	half yearly	4	—	0
Index-linked 1990¶	6.37	5.83	5.47	5.16	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Apex Prop¶	135§	135	145	14.54	Kundsworth Tst
Avana Group	347½§	343	490	295.98	RHM
Brit Car Auction¶	248§	246½	238	194.07	Hawley Group
Centrovincial Ests	443	390	278	69.54	Gilbert House
Chkpoint Europe	388	388	270	15.52	Britannia Sec
Comb Eng Stores	408	401	323	318.55	Next
Comb Eng Stores	378	401	322	296.74	Ratners
Comcap¶	684§	687	515	146.10	Atlantic Computer
Contibel	378*§	283	293	395.20	Tractebel SA
Crown House¶	329	328	235	89.07	Coloroll
Dale Electric	136½	107	108	18.33	Sunleigh Elctrncs
DBE Technology	33§	35	43	3.09	Ferranti
Extel	450	487	514	229.41	United Nwsppra
Garfunkels Rstrnt	270	263	248	133.72	Belhaven
Garner Booth	300*§	300	254	29.08	Hillsdown
Garner Booth	298½§	300	243	28.69	Pittard
Gould (L.)	219	201	180	4.54	Robertson Res
Hallite	305†	297	250	8.39	Evered
Hillards¶	390½§	385	223	192.76	Tesco
Horizon¶	211	206	164	106.43	Bass
Intl Leisure¶	200*	199	178	103.28	Hudson Pl Invs
Johns Brne Eml	445*§	595	428	9.50	Bugge Kind A/S
London & Nthn¶	97½	94½	80½	108.57	Evered
London Pk Htls	964	965	700	48.35	Mount Charlotte
Media Technology	173§	173	160	19.07	Lee International
Micro Scope	150*	145	105	18.00	GEC
Mitchell Cotts	73	70¾	71	70.73	Suter
Mitchell Somers¶	261	273	130	42.11	Eagle Trust
Nationwide Leis	77½*	77½	77	8.30	Intpec E. & E. Grp
Norank Systems	278½	273	247	10.36	Spong
Riley Leisure	97§	102	75¼	15.37	Midsummer Leisure
Sarasota Tech	280½	265	107	49.55	Peek Hldgs
Scott Greenham¶	297½	275	195	86.35	BET
Stockley	136	135½	124	323.15	Mountleigh
Sunlight Services	321§	310	300	68.86	Davis (Godfrey)
Trade Prom Servs	318½	297	251	18.56	EMAP
Utd Leasing	265*	261	231	38.28	Inspectorate EAE
WSL Hldgs	243	241	203	51.59	Granada

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 29/5/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Belhaven	Mar	1,140	(1,510)	2.4	(3.8)	0.8	(0.8)
Boots	Mar	242,800	(210,400)	—	(—)	8.0	(7.1)
Buckley's Brews	Mar	1,170	(960)	5.4	(4.7)	3.2	(2.9)
Chesterfield Prop	Dec	8,340	(7,490)	29.9	(25.8)	13.2	(12.0)
Courtlands	Mar	201,100	(143,000)	38.2	(29.9)	9.5	(3.0)
Cullens	Mar	2,690L	(1,560)L	—	(—)	—	(—)
Davenport	Dec	1,340	(1,110)	49.0	(37.6)	8.0	(6.6)
Edbro	Mar	2,300	(2,300)	19.0	(22.0)	8.0	(7.5)
Elliot B.	Mar	742	(987)	0.2	(4.9)	3.0	(3.0)
Extel	Mar	19,300	(16,100)	27.7	(21.3)	13.5	(10.0)
FKI Electricals	Mar	11,280	(5,750)	7.4	(4.6)	1.4	(0.8)
Gates, Frank G.	Dec	1,470	(1,110)	11.3	(8.0)	4.0	(3.0)
Goldberg A.	Mar	2,760	(2,560)	10.5	(8.1)	4.7	(4.0)
Hanover Druce	Feb	1,460	(987)	15.7	(12.7)	3.8	(3.5)
Hrrsns & Crosfield	Dec	63,000	(62,100)	31.4	(30.4)	22.0	(20.0)
Ivory & Sime	Apr	3,510	(2,970)	7.8	(6.1)	5.7	(4.7)
Jackson Group	Dec	1,500	(1,319)	18.1	(14.7)	5.0	(4.3)
John J. Lees	Mar	416	(229)	12.6	(8.0)	3.0	(2.0)
Lep Group	Dec	8,880	(9,076)	6.0	(5.8)	3.2	(2.7)
Land & Assoc Inv	Dec	208	(146)	1.4	(1.2)	0.3	(0.3)
Lowland	Mar	654	(500)	—	(—)	1.4	(1.2)
Monks Inv	Apr	3,533	(3,146)	3.1	(2.6)	2.8	(2.6)
Pathology J. S.	Mar	3,020	(2,110)	15.8	(10.8)	4.5	(1.3)
Pavion Intl		537	(2,410)	0.3	(4.8)	—	(—)
PCT Group	Dec	406	(666)L	—	(—)	3.6	(3.2)
Plessey	Apr	184,200	(169,095)	15.7	(12.4)	5.8	(5.0)
Prtsmth & Sndrlnd	Mar	2,270	(590)	11.7	(5.9)	4.4	(4.0)
Publishing Hldgs	Feb	201	(110)	—	(—)	—	(—)
Redland	Mar	130,790	(112,800)	36.0	(31.1)	13.0	(11.5)
Sims Catering	Mar	633	(586)	10.5	(8.4)	4.0	(4.4)
Smallbone	Feb	1,260	(625)	—	(—)	3.6	(—)
Warnford	Dec	4,300	(4,870)	28.4	(29.4)	18.0	(17.0)
Wavrly Cameron	Dec	153L	(91)L	—	(—)	1.2	(1.2)
Westbury	Feb	9,000	(5,340)	18.6	(13.3)	4.7	(—)
Whittington Eng	Jan	160L	(99)	—	(—)	—	(—)
Wigfalls	Mar	316	(255)	1.1	(0.7)	2.5	(2.5)
Willaire	Dec	251	(183)	0.4	(0.3)	0.1	(0.0)
Wingate Prop Inv	Mar	14,500	(9,500)	—	(—)	3.2	(1.9)
Woodchester Inv	Mar	3,480	(1,440)	22.2	(13.7)	5.0	(4.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Assoc Fisheries	Mar	3,010	(1,880)	1.0	(0.5)
BAT Industries	Mar†	272,000	(236,000)	—	(—)
Dobson Park	Mar	6,930	(5,960)	1.9	(—)
Dubilier	Mar	2,540	(2,360)	1.3	(1.2)
Greenall Whitley	Mar	15,380	(13,170)	0.5	(0.5)
Hunslet Hldgs	Jan	85L	(479)L	4.2	(—)
Hunterprint	Mar	2,910	(2,124)	2.7	(2.0)
Johnson Fry	Apr	709	(484)	2.0	(1.0)
JSB Electrical	Mar	364	(270)	0.5	(—)
M & G Group	Mar	1,440	(1,020)	3.0	(2.0)
Merceau Hldgs	Mar	314L	(1,710)	—	(1.5)
Nth American Tst	Apr	778	(862)	—	(—)
Picadilly Radio	Mar	253	(185)	1.7	(1.7)
Radio City	Mar	72	(169)L	—	(—)
Radio Clyde	Mar	443	(314)	1.5	(1.2)
Richards	Mar	523	(393)	0.7	(0.6)
Scottish Nat Tst	Mar	2,484	(2,398)	1.9	(1.7)
Sedgwick	Mar†	53,500	(52,300)	—	(—)
J. Smart & Co	Jan	660	(595)	1.4	(1.3)
TSB Chan Islands	May	3,360	(2,680)	2.5	(—)
Viking Packaging	Mar	567	(452)	1.2	(—)
Warner Estates	Mar	2,140	(1,890)	8.5	(7.5)
Wlvrhmptn & Ddly	Mar	9,600	(8,130)	1.8	(1.6)
Young & Co	Mar	3,560	(3,350)	8.5	(7.3)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † First quarter figures. L Loss.

RIGHTS ISSUES

B. Elliot is to raise £3m in a four-for-13 rights issue; 5.35m convertible preference shares at £1 each will be offered.

Reck is to raise £1.7m in a one-for-three rights issue.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Aran Energy is to raise £9.85m through the placing of 24m shares at 46.5p.

Asda Property Holdings is to raise £15.2m through 15.7m convertible *cumulative redeemable preference shares 2012 at 100p each.*

BDA Holdings is to seek a stock market listing; 2.3m shares are being offered at 132p giving the company a market capitalisation of £11.95m.

Capital and Counties is to go to the capital markets with the placing of £50m first mortgage debenture stock. The 9⅝ per cent stock, to be redeemed in 2027, had an issue price of 95.982 per cent.

De Morgan is to come to the USM with a placing of 2.86m shares at 56p.

Hambros Advanced Technology Trust has made final preparations for public trading of 4m shares at 170p, set to begin in June.

Neutronics Technology is coming to the stock market through a placing of 6m shares at 130p each, valuing the company at £31.3m.

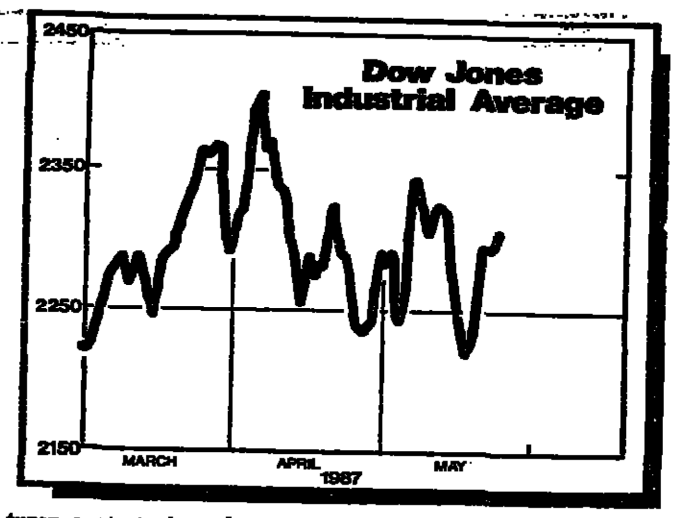
Pickwick £8.5m offer for sale.

TR Industrial and General is to raise £50m by way of a placing of debenture stock.

Barry Wehmiller International is to be floated on the stock market; 15.87m shares are being offered at 135p. A prospectus for an offer for sale is also being published valuing the company at £30.6m.

• MARKETS •

Takeovers action



WHO said that the takeover game was dead on Wall Street? Talk of acquisitions and rumoured mergers has provided most of the action in the stock market this week and enabled the more nimble-footed investor to notch up some handsome gains.

The financial markets were closed on Monday for Memorial Day, which signals the official start of summer, and traders returned to work in a bullish mood. On Tuesday, the Dow Jones Industrial average jumped by 55 points, its third largest ever gain in terms of points, helped by a sparkling performance by the dollar and the bond markets.

The financial tremors of the previous week, which sent long-term US government bond yields through the 9 per cent mark and threatened to knock the Dow Jones Industrial average below the 2200 level, quickly subsided this week and speculation has resurfaced that the market might be preparing for a summer rally which could push it comfortably above its April 6 peak of 2405.54.

Compared with the first quarter of the year, when the market rose by a fifth, its performance in the second quarter has been lacklustre. By Thursday evening the Standard & Poor's 500 index was still a fraction below its end March level of 291.70, although to be fair it has had to digest a 100 point rise in long-term US bond rates and survive the erratic behaviour of the US currency.

Yesterday's larger than expected 0.6 per cent drop in the US index of leading indicators adds to the picture of an American economy that has lost momentum and while there were signs this week that the dollar and the US bond markets might have stabilised temporarily, at least, analysts are not overly enthusiastic about the prospects ofa significant near-term rally.

Merrill Lynch says in its latest stock market letter that the Dow might have to drop by some 15 per cent or more from its April high before it "builds a bottom strong enough to support a sustainable advance." Merrill says that the need for a correction is not surprising in light of the market's run of almost three years without a pull-back of more than 10 per cent.

The big news of the week has been the takeover battles for Harcourt Brace Jovanovich, the US *publishing giant*, and Allegis, the recently renamed parent of United Airlines, which has been pursued by all sort of corporate raiders for several months. Although both companies are in very different businesses they both share a desire to remain independent at almost any cost and both decided on defence by loading themselves up with an unbelivable amount of debt.

On Tuesday, Coniston Partners, a New York investor group which specialises in making trouble for sleeply companies, announced that it owned 13 per cent of Allegis and planned to seek control of the company. In many respects it looked like a rerun of an earlier bid for Transworld Corporation, a former rival, which was pursued by corporate predators and eventually was forced to put itself into liquidation after spinning off its TWA airline and selling its hotel chain to Allegis.

Wall Street

TWA did not last long as an independent airline and is now controlled by Carl Icahn, one of the most infamous of corporate raiders. Allegis, whose empire includes Avis car rental and a large number of hotels, does not intend to suffer a similar fate. Earlier this month it thought it had won its independence after buying a new fleet of planes from Boeing and giving the aircraft manufacturer a strategic stake in the company.

This failed to deter the predators and just two days after Coniston Partners showed their hand, Allegis announced a $3bn recapitalisation plan under which it would raise its debt to more than $5bn, and give its shareholders $60 a share in cash. Allegis shares, which started the year around $50, and ended last week at $71¼, jumped to $87.50 on Thursday.

The dust has yet to settle on its dramatic move but Wall Street appears to believe that Allegis has won its independence, albeit at some considerable cost. The management of Harcourt Brace Javonovich also appears to have escaped from the grasp of Robert Maxwell, the British publishing magnate, who dropped his $44 per share cash bid for the company after it unveiled a sweeping $3bn recapitalisation plan which involved paying shareholders a $40 special dividend. Harcourt shares, which had jumped by $12 last week rose by another $10 this week and by yesterday morning were trading at just under $55.

TUESDAY	2297.94	+54.74
WEDNESDAY	2295.81	− 2.13
THURSDAY	2310.68	+14.87

William Hall

Metals options open

THE London Metal Exchange's move yesterday from its time-honoured principal-to-principal trading system to a centrally-cleared system was accompanied by an innovation which could prove to be of comparable significance to investors—the launch of traded options on all six LME metals.

An option, as the name implies, gives the holder the right (but not the obligation) to buy (in the case of a "call") or sell (in the case of a "put") at some future date at a predetermined price (known as the "strike" price).

For this privilege he is charged a "premium," and since he does not have to operate his option the only money he has at risk is this premium. On the other hand, his profit potential is reduced when compared with a straightforward futures transaction since he only begins to show a net gain when the price of the commodity moves beyond the "strike" price by more than the level of the premium.

It is, therefore, less easy to make money on options than on a straight futures contract. But the penalty for guessing wrongly about future price movements is strictly limited, and in the notoriously perilous world of commodity trading this is an important consideration.

If an investor had decided yesterday that aluminium prices were set to rise substantially he could have bought a September call option entitling him to buy aluminium at $1,400 a tonne. That would have cost $56 a tonne, so the minimum contract of 25 tonnes would have set him back (coincidentally) $1,400. Say that in one month's time the price had risen to $1,500 a tonne. He could then declare his option and buy 25 tonnes at $1,400, sell it at $1,500 and pocket a profit (ignoring commission charges but allowing for the option premium) of $1,100. Had he bought a three months futures contract, of course, his profit would have been $2,500 *but he would have faced a* possible loss way in excess of the $1,400 he laid out for his option.

A better plan would be to sell his option, which by then would be worth $110 a tonne (allowing for elapsed time and accrued profit), giving him a profit of $1,350 on his 25 tonnes contract.

Better still, according to Peter Allen of Rudolf Wolff, an

Resources

LME trader, he could trade against his option. "He could sell aluminium at $1,500 a tonne, secure in the knowledge that he could operate his option to cover the sale at $1,400 at any time," Allen explains.

If the price rises further, no harm is done and he can still cash in a $1,100 profit. But if it falls heavily he may be able to buy back on the futures market and show a much bigger return, even after allow*ing for writing off the cost of* his abandoned option. In effect, an option (once it is showing a profit) can be used as an insurance policy enabling the holder to trade the market without risk.

LME traders have been granting options to their customers since the 19th century but it is only in the past few years that the business has really taken off. Three years ago, options trading accounted for less than 10 per cent of LME turnover. Today, some traders put the proportion as high as 50 per cent. Until now, however, all this business has been in "over-the-counter" options, traded on a principal-to-principal basis, which means that no-one is really sure what is the true level. Paul Shuman of CRT Options, London's biggest options trader, advises caution. "I do not believe pure options business amounts to 50 per cent of LME turnover," he says, "but 'options related' business could be that high, or higher, on some days."

He is fairly confident, moreover, that the advent of on-exchange traded options will boost LME business, in straight futures as well as in options themselves. The proportion accounted for by options could remain about the same he suggests "whatever that figure is."

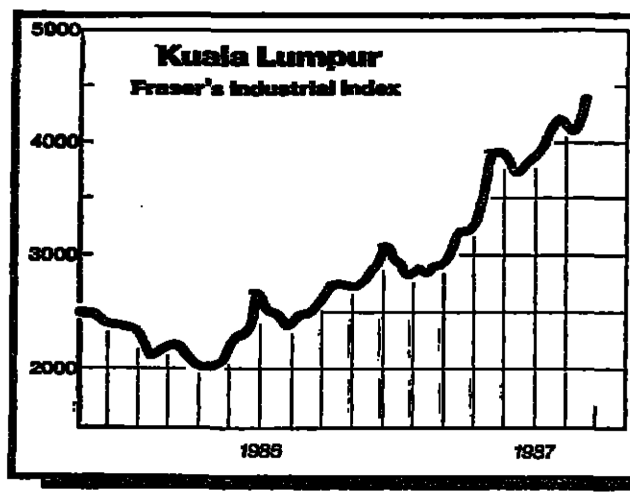
The recent surge of interest in metals options has been led by aluminium, but that metal's dominance is being eroded, according to Malcolm Freeman of Shearson Lehman Brothers. "Copper is catching up fast," he says. "There have been more enquiries on lead and zinc, and there is also something of a revival of interest in nickel options."

This trend is expected to continue, helped by the improved market transparency provided by on-exchange quotation and greater investor security offered through the central clearing system. Freeman explains that central clearing will allow accurate tracing of dealing trails so that the investor can be sure he is not being "ripped off and marked up."

Improved transparency may also help to avoid technical supply squeezes such as those which have been triggered recently through uncertainty about traders' exposures to potential options declarations.

Richard Mooney

Share prices surge



THE KUALA LUMPUR stock Exchange (KLSE) is making a strong recovery from the collapse of December 1985. An increasing number of brokers are looking to the prospect of it joining other bourses around the world in breaching new records.

There has been a decided improvement in the Malaysian environment. The consensus is that after two traumatic years of economic recession aggravated by a series of financial scandals and fierce political battles, the worst is over. Some analysts, however, caution against excessive optimism. The economy is not out of the woods yet, they say, and the political scene can quickly turn turbulent.

The KLSE composite index of 83 counters is nearing the 400 mark. It has risen by nearly 60 per cent since the start of the year—and by 130 per cent when compared with the 44-month low of 170 points a year ago. KLSE market capitalisation has risen to nearly 100bn ringgit ($40.8bn). One year ago it was 50bn ringgit.

Given the strong market undertone, many brokers expect the index to break the June 1981 record of 540 points before the end of this year—and for the boom to continue into 1988.

Prices of Malaysia's export commodities are holding steady. Following the wide-ranging package of incentives to foreign investors last year, the country's economic prospects are being revised upwards. The government expects 1987 real growth to be 1.5 per cent; 2 per cent for 1988. (Private sector projections are more bullish, with Merrill Lynch putting growth rate at 3.2 per cent for 1987 and 4.8 per cent for 1988.)

Apart from the hotel and property market, which is facing a serious glut, most other sectors are expected to show improvement. Rubber companies, in particular, should do very well, given the firm prices and production costs consolidation.

Nearby, the Singapore economy is coming out of the recession nicely; the authorities are forecasting a 6 per cent growth for 1988. The Singapore stock market has already broken its 1981 record, and analysts see a steady shift of the market leadership from Singapore blue chips to Malaysian blue chips.

Local confidence was boosted last February when Mr Robert Kuok and Tan Sri Lee Loy Seng, two leading businessmen, agreed to take over the management of Multi-Purpose Holdings, the finanacially troubled diversified Chinese group. MPH had more than 400m ringgit in losses over the past two years.

At the moment, the KLSE recovery is being propelled by flush liquidity. Foreign institutional interest, detected in the last quarter of last year, is now

Kuala Lumpur

clearly evident. It is estimated that more than a billion ringgit in foreign funds has been channelled into the Malaysian market. Favourites are blue chips such as Sime Darby, Consolidated Plantations, Malaysian International Shipping Corporation and the Malaysian Airline System.

The Malaysia Fund—the first of its kind—was launched on the New York stock exchange early this month. The capital was increased from $60m to $80m, and will eventually be $96m. Its success has spurred Malaysian merchant banks to tap similar funds in Europe, Japan and Australia.

Interest rates have dropped sharply in recent months, with the base lending rate declining by 2.75 percentage points to 7.75 per cent since the start of the year. Fixed deposit rates have fallen even more sharply: by 5 per cent to 4.5 per cent.

The see-saw upward surge in share prices and the downward movement in interest rates is good news to battered Malaysian businessmen. Many had borrowed heavily to speculate in the share and property markets, and were unable to service their loans when the collapse came in 1985.

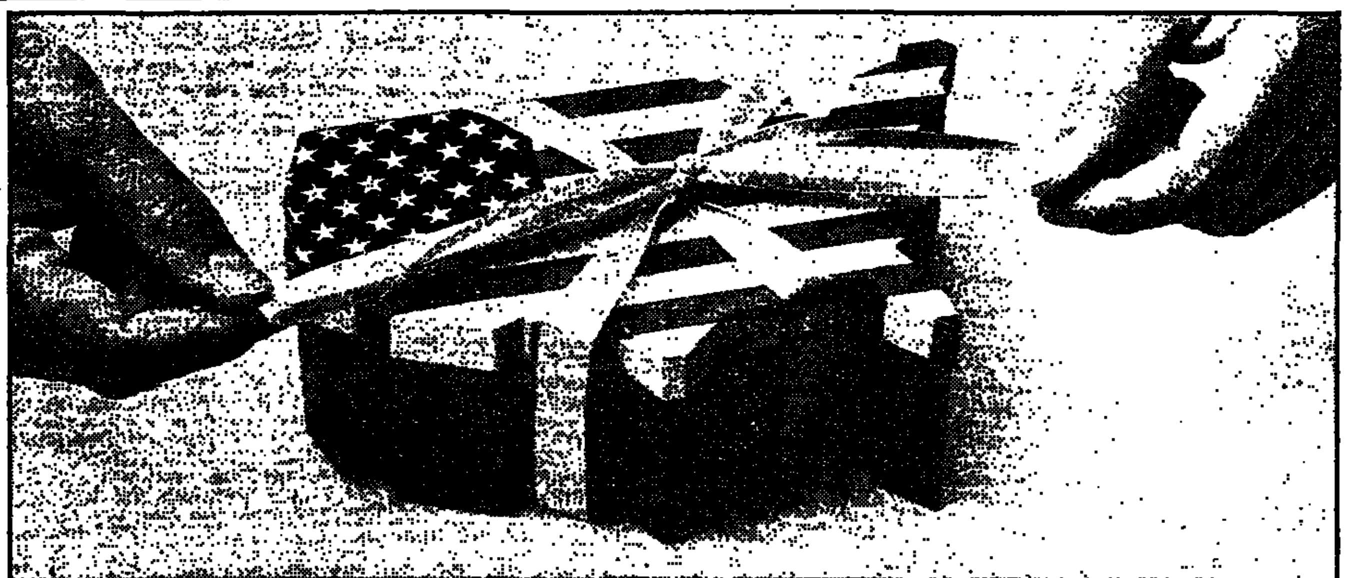
"If the share market goes up by another 20 per cent, I'll be all right," admits a managing director of a medium-size, publicly quoted company.

Corporate activity is picking up. A growing line of companies is expected to make their way to the capital issues committee to seek a listing.

The ban on new listings, imposed in February 1985, was partially lifted in March last year to allow four quotations in 1986. So far this year, three companies have been listed (including the national shipping line MISC which has just overtaken Sime Darby as the company with the highest market capitalisation). Another six applications are being processed.

More companies are taking advantage of the buoyant conditions to make fresh calls for capital to improve their balance sheet. These include Malaysian Mining Corporation, United Motor Works and Development and Commercial Bank.

Wong Sulong



FINANCE & THE FAMILY

Barry Riley explains why employers have to put their case

Pension managers go courting

WHO'S THAT chap coming into the office with a gleam in his eye, carrying a handful of leaflets and a video cassette? Could it be a personal pensions salesman?

No, quite the reverse really. It's your company pensions manager—whom you have probably never seen emerge from his remote office before—starting on his rounds. His mission: to persuade as many company employees as possible that they are better off in the company scheme than they would be by opting out and investing in their own personal plan.

Until now, membership of the vast majority of company pensions schemes has been compulsory. Pensions managers have been used to running a monopoly. But the outgoing Conservative Government, aiming to improve labour mobility, decided to throw a spanner into this very orderly works.

It passed legislation providing that from April next year all employees should have the right to choose between the company scheme and their own personal plan (or, as a minimum, Serps, the State Earnings-Related Pension Scheme).

Some company pensions men are hoping for a Labour election victory, in which case the old order would probably be largely retained.

But the National Association of Pension Funds, *the body* which represents nearly 1,300 *big corporate shemes, is preparing for (as it sees it) the* worst. Last weekend, at its annual conference in Birmingham, it launched a campaign to promote the advantages of occupational schemes.

Because the NAPF can afford only a £300,000 budget, and not the £5m or more needed for a big advertising campaign, it has had to cast its own members in the improbable, and some might say incredible, role of salesmen.

The NAPF, having hired Shandwick, the public relations consultants, has produced a £75 pack (double that price for non-members) containing instructions, leaflets and video, starring comedian Lenny Henry. But from then on, it will be up to the company pensions managers themselves.

Lenny Henry joins pension managers to put the case for company schemes

They will be facing a big advertising campaign planned by the Government, pointing out the new opportunity available to employees. And of course they will need to counter a much harder sell by personal pensions providers like life assurance companies and unit trust groups.

The video is designed to put over a strong message of caution. The fact that the closing scene shows Henry in a coffin trying to improve his personal arrangements while the undertaker nails down the lid shouting "to late!" gives an idea of its degree of subtlety.

Called "When I'm Sixty-Four," the 12-minute production appears to feature more eyeball-rolling than a contact lens clinic. But when premiered before a packed audience at the Birmingham conference it was enthusiastically received, on the view that it went a long way towards making a dull and *obscure subject interesting.*

Apathy has always been the Achilles heel of occupational pension schemes. Most employees neither know nor care much about their rights or benefits.

Shandwick director Simon Clark tried to make the best of a bad job by claiming that at least it will be easier to create a favourable image out of this vacuum than it would have been to try to reverse strongly negative impressions. They would have to "write on this blank slate."

But the question is, are company pensions managers the right people to be wielding the chalk? They are where they are because they are administrators, not communicators, who require quite different skills.

The campaign they are to put over has been carefully calculated. "Can you really beat a pension that comes with your job?" is the theme. "Look before you leap," is the message.

It would have been much simpler to promote a straightforward slogan that "company schemes are better." But the trouble is, that is not always true. The NAPF certainly claims that company schemes have many advantages, but has to add phrases such as "in the majority of cases" or "for most people."

Personal pension salesmen will regard these qualifying clauses as a godsend, and will use them to persuade many scheme members that they fall within the oppressed minority. In fact, *only* young people, or people who expect to change their employment frequently, have a strong incentive to take out personal plans.

But the sums are complicated, not least because benefits which are normally part of an occupational scheme package, such as death-in-service payments and widows' and children's pensions, may well be add-on extras in the case of a low cost personal pension plan, needing additional premiums.

A blast of publicity and promotion to counter the expected sales offensive of the personal pensions industry can only form part of the strategy of the occupational pensions movement.

Those running company schemes will also have to look very carefully at the products they are providing. In a monopoly situation it is quite normal to cross-subsidise services, in the confident knowledge that customers are forced to take the rough with the smooth.

In a competitive environment, however, such an approach is unsustainable. Rivals, in this case the personal pensions salesmen, will unerringly pick off business where particular categories of pension scheme members are getting bad value for money.

So when your pensions manager comes around—and if you work for British Airways, it might even be Charles Woodward himself—it will be worth asking him whether the scheme is likely to be made a little more user-friendly in future.

Otherwise, in some cases, yes, you really *will* be able to beat the pension that comes with your job.

IN THE NEWS

IN SPITE of the recent cut in the base rate to nine per cent, Woolwich Building Society is increasing from June 1 the rate of interest paid on its guaranteed premium shares from 8.25 to 8.50 per cent net, after payment of tax — equivalent to more than 11 per cent gross.

New investors, however, will require a minimum investment of £10,000 compared with the previous minimum of £1,000. There is a guaranteed premium of 3.25 per cent over the society's base rate for at least a year. Three months notice of withdrawal is required to avoid loss of interest, but there is completely free access if a balance of £10,000 is maintained. You also have the option of monthly interest payments at the lower rate of 8.19 per cent net.

Salesmen get into gear

THOSE LIFE companies which intend to be major players in the new personal pensions field are not going to wait until the autumn before getting their salesmen geared up to personal pensions.

Indeed, one major life company, Royal Life, is not even waiting for the General Election to be decided. Next week it will be holding a series of seminars for "independent financial advisers"—the new designation for life brokers—to promote its new and complete range of pension products.

This range will include a provisional personal pension contract, and also a contracted-out money purchase scheme. Both are provisional because the Government has still not published the final rules.

Despite the uncertainties, Royal Life has already decided on names for these products—Personal Pensions Account and Group Retirement Account.

David Graham, head of Royal Life's Individual Pensions department, feels that enough is known to get the financial advisers ready for the start of the new pensions era next year.

The meetings next week can be regarded as the first shots by the personal pension providers in response to last week's campaign launch by the National Association of Pension Funds (NAPF) to keep employees in company schemes.

Advisers are being sent into the fray armed with the slogan: There has never been a better time to sell pensions. But the strategy adopted to sell pensions is likely to be much more subtle than the bludgeoning methods of the NAPF. Royal Life's inevitable video has Valerie Singleton and William Rushton in a more subdued presentation of the facts.

David Graham insists that the intention is not to lure employees out of good company "final salary" schemes. But he points out that very few employees qualify for maximum benefits in those schemes. So advisers and salesmen are being urged to sell the new-style free-standing Additional Voluntary Contributions—your own personal pension on top of your company scheme.

Having established an initial relationship, one can envisage the salesman, later on, persuading an employee to come out of the company scheme and convert the AVC into a full personal pension.

The free standing AVC could be a Trojan Horse that will get salesmen through the defences surrounding the company pension scheme.

Advisers and salesmen looking at sales prospects within company schemes, as well as those of employees not in a company scheme, will be heartened by the results of Royal Life's own research into pension attitudes.

Employees regard the money paid for their pension as their own pension savings; they dislike the idea of these savings becoming the property of anyone.

So, in addition to designing the pension products so that they appear to belong to an individual, Royal Life will be giving each employee taking out a pension contract his or her own account book (with inbuilt solar-powered calculator) to keep a personal record of pension savings.

The strategy of personal pension providers will be concentrated on — the personal aspects. Company pension scheme managers have been warned.

Eric Short

Current interests

ANOTHER STEP towards interest bearing current accounts was taken by Lloyds Bank this week. Effective from June 10, Lloyds are scrapping the minimum deposit of £1,000 needed to open a high interest account and paying tiered rates of interest according to the size of balance held.

Below £1,000 a very low rate of only 2.7 per cent is paid, but this rises to 5.5 per cent for balances of between £1,000 and £5,000 and up to 6.5 per cent for balances over £50,000.

Lloyds, obviously with an eye on the Vector account recently introduced by Midland, are also "improving" the high interest account by paying credit interest monthly, instead of quarterly, and raising the daily cashpoint withdrawal limit from £300 to £500.

There is no interest free overdraft (up to £250) as given by Vector, but the Lloyds account does offer secured overdrafts with a monthly interest rate of 1.2 per cent (equivalent to an APR of 15.3 per cent) or unsecured at 1.5 monthly (APR 19.5)

A cheque book, and cheque card, are supplied with no restriction on the value of the cheques as with many interest bearing bank accounts. You can also use standing orders and direct debits.

However, there is a price. You have only one free debit a month; the remainder are charged at 50p each. So using the high interest accounts as an active current account could be a costly business. On the other hand, if you do maintain a healthy balance with few withdrawals, you can get higher rates of interest elsewhere, notably from building society accounts.

And while Lloyds may give with one hand, they take with the other. From June 5 the charges you pay if overdrawn are being raised from 20p to 25p. Lloyds are unusual in that they charge you for all transactions, even credits, if you are in the red. However, even at 25p their charges remain among the cheapest, especially as they are applied on a monthly, not quarterly, basis.

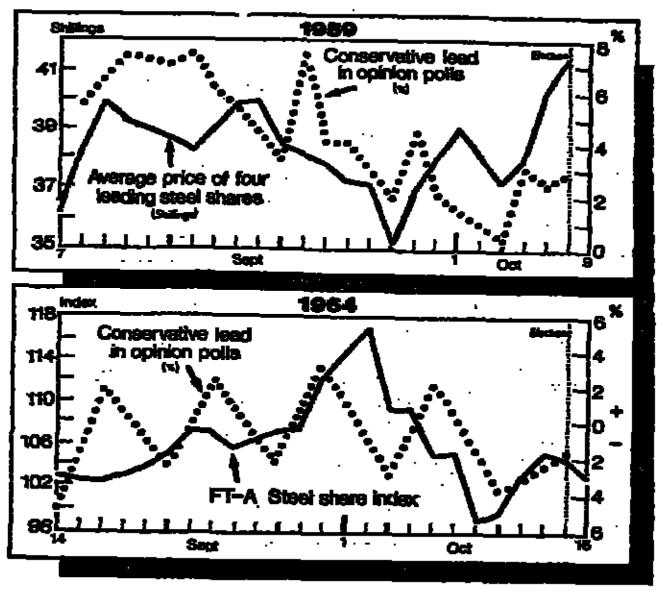
In other words, if you become overdrawn the charges are applied for a month rather than three months: You pay no charges if your account remains in credit, or if your average credit balance for the month exceeds £500. At present, according to Lloyds, 63 per cent of their customers pay no charges.

John Edwards

● THE SAVERS and Investors Guide, 1987-88, by David Lewis, analyses 78 different forms of investment in a standard format which includes the latest Budget tax changes.

As well as the ins and outs of investing in banks, building societies and National Savings, with their many different kinds of accounts, Lewis also examines stocks and shares and unit trusts while assessing personal equity plans, life assurance and pension schemes.

The paperback guide costs £2.95 (plus 40p p&p) from Wisebuy Publications, 25, West Cottages, London NW6 1RJ.



Election values

THE CONSERVATIVE Party's standing in the opinion polls is the dominant influence at present on the share price of those companies formed by the privatisation of state assets which Labour has pledged to return to public ownership.

As the threat of renationalisation appears to have faded, so the share prices of privatised companies have shed some of *their political risk discounts.* Suppose, however, that the Conservative lead falls during the course of the election campaign, and a Tory victory begins to be called into question? How might the price of shares such as British Telecom or British Gas behave?

Historical precedents give some insights into the relationship between opinion polls and the prices of politically sensitive shares during general election campaigns. For example: the threat to the independence of the dozen publically quoted steel companies during the election campaigns of 1959 and 1964 was much the same as that now facing the newly privatised concerns. The Labour Party was committed to the renationalisation of the steel industry, which it had taken into public ownership in 1949, and which had been denationalised in 1953 by the Tories. Compensation for steel shareholders was promised, but investors anticipated payments substantially lower than values based upon the usual considerations. In the run-up to both elections, steel company shares traded at a discount which waxed or waned according to perceptions, based on the opinion polls, of political danger.

The election of October 1959 took place against an economic background highly favourable to the incumbent Conservative administration. The Conservatives had gone ahead of Labour in the opinion polls in March; over the subsequent six months they established a consistent and growing lead. Steels were buoyed by increasing confidence of Conservative success in the forthcoming election.

Between the end of March and the eve of the campaign, in early September, the FT-Actuaries Steel Index recorded a rise of 40 per cent.

The daily average price of the four leading steel shares, and the average Conservative lead in the opinion polls during the *campaign*, period are shown in the accompanying chart. Steel shares were volatile, moving in a range which amounted to 16.1 per cent of the price on the day on which the election was called. The FT-30 Index recorded a fluctuation of only 6.4 per cent by the same measure. The Conservative poll lead varied from 7.5 per cent to 0.5 per cent—a range which took the party from certain victory to possible defeat.

The General Election campaign of 1964 opened with the Conservatives trailing Labour in the polls. A Labour victory was discounted in the price of steel shares from the outset. A couple of polls showing a small Conservative *lead* heartened the market a little in the first fortnight of the campaign, and prompted a cautious advance. The publication of an NOP poll on September 30, giving the Tories a 3 per cent lead, produced a response of a different order. In the next three days the FT-Actuaries Steel Share Index rose by 8.4 per cent. (The FT-30 Index also rose—but by a mere 1.8 per cent.) However, the following weekend's polls put Labour back in the lead and prices tumbled.

The Tory lead of 2.25 per cent, shown by polls published on October 7, was sufficient only to bring about a temporary halt to the descent of the steel price index. At the end of the campaign, with the *polls* indicating certain Labour victory, steel share prices returned to exactly the same level as at the outset, four and a half weeks earlier.

In both elections, despite the different circumstances and outcomes, steel shares became highly volatile when *support* for the Conservatives reached a level at which victory was possible but not secure. In 1959 and 1964 this threshold appears to have been a lead of between 3 and 3.5 per cent. This year's election is a three-cornered contest; it is believed that the Tories need a 5 per cent lead *to be sure of winning.*

Past precedent suggests that if Conservative support declines to this level, the prices of privatisation shares will fall sharply. Moreover, any reversal, or subsequent recovery, would substantially outpace movements of the market as a whole.

By Richard Roberts, who lectures in Economic History at the University of Sussex, and Mark Aldridge, who is a student there.

Nikki Tait on investment trusts

Split-level portfolios

PUT YOUR money into a unit trust and you know it will always grow in line with the fund's assets. Put it into an investment trust and there is automatically added spice—the discount in the price when compared with the net asset value of the fund's holdings. The discount means, in effect, that your investment is buying more assets than its face value.

The share price of an investment trust is determined by buyers and sellers in the stock market (unlike a unit trust, where pricing is done on strict Department of Trade rules and related directly to the value of the stocks and shares it *owns*). Result: *most general* investment trusts trade at less than their underlying assets are worth if they were sold off at current market prices.

But by how much? Back in the mid-1970s the average discount touched over 40 per cent. More recently, in 1980, it stood at *over 30 per cent and* even in 1983 over 25 per cent.

For the past six months' though, discounts have been falling, both for the sector on average and for UK and general funds specifically. (Japanese and Far Eastern funds, by contrast, have seen discounts go the other way, so without their contribution the fall in the average figure would be even more marked.) The average discount currently stands around 18 per cent; stockbrokers BZW predicts it could head for 12 to 15 per cent fairly shortly, although Wood Mackenzie is more cautious.

All of which is welcome news for investors, who have seen the investment sector overall match the hefty rise in FT All-Share Index during the past 12 months. This good fortune derives from two sources; an increasing aggressive attitude by managers towards their funds, plus the fear that if they don't *perform, someone will* simply take their trusts over.

Bids for investment trusts by industrial companies as a means of corporate fund-raising — "disguised rights issues" — have been greatly helped by Big Bang innovations which allow portfolios to be liquidated more quickly and more cheaply.

True, disguised rights issues are scarcely a common occurence — although the past nine months have seen publisher Robert Maxwell's BPCC, building group John Mowlem, and ambitious property companies such as London and Edinburgh Trust and Rosehaugh taking part.

But the background pressure is there — so much so that some trusts are now racing ahead of the game and seeking protective action by dispelling the discount for themselves. On Friday this week, shareholders in the large River and Merchantile Investment Trust overwhelmingly voted in favour of an innovative scheme to turn the £120m trust into a split level fund, offering shareholders three *different types of shares in* exchange for the current one.

The R and M proposals are complicated. At end-April, for example, net asset backing for the existing shares stood at 240p but the market price was just 211p—a 12 per cent discount. (This discount had *already reduced substantially* from over 20 per cent last year because the market had been warned about the forthcoming changes.) So someone holding 417 shares, say, had a stake in £1,000-worth of assets but could only sell his shares for £880.

Under the new scheme, the managers are first fixing a 13-*year life for the fund so that* in the year 2,000 it will be wound up. That done, they plan to offer shareholders a package of three new types of shares. These are: "stepped preference shares"—which will offer a mix of predetermined capital and income growth; income shares, which enjoy a little bit of capital growth, but mainly concentrate on providing a rising income stream; and capital shares (plus an additional *warrant sweetener*) which *simply* benefit from the growth in the value of the fund's assets by the year 2000.

Investors in the old fund are automatically allocated the new shares in one:two:one proportions, unless they have opted for the "mix and match" alter*native offered. If R & M and* its advisers have got their calculations rights, all three types of shares—in comparison with other similar fixed interest and preference stocks—should start trading at around 100p, the income shares at a 150 per cent premium to net asset value (nav) and the capital shares *at a 55 per cent discount.*

Precise calculations cannot be done until a final nav is set. But on the end-April an investor with 417 old shares becomes entitled to a total of 1,000 new ones—which overall have a £1,000 market price tag, exactly net asset value.

"Clever financial engineering," comments one analyst—pointing out that the valuation of the stepped pref and income shares is fairly safe and the *only question-mark probably* hangs over the capital shares.

Although R & M's three-way split is a first, managers say they already know of one other major group interested in the proposals. And a less ambitious two-way split was successfully demonstrated by the smaller *Yeoman Investment Trust last* autumn. With the supply of split-level funds generally diminishing as wind-up dates draw near, it looks a route which many an investment trust manager may at least consider. If so investors—large and small—should give thanks.

RIVER AND MERCANTILE SCHEME

EXISTING CAPITAL STRUCTURE	Number of shares	Net asset value £	Estimated market value £	Projected gross dividend for 1987 £	Gross dividend yield in 1987 %	Premium/discount net asset value %
Ordinary shares	417	1,000	880	42	4.7	(12)
NEW CAPITAL STRUCTURE						
Total/weighted average	1,000	1,000	1,000	53	53	Nil
Comprising:						
Stepped preference shares	250	250	250	14	5.8	Nil
Income shares	500	200	500	39	7.8	150
Capital shares (cumulative warrants)	250	550	250	Nil	Nil	(55)

Cliveden setting

THE STATELY home of Cliveden was chosen by accountants, Touche Ross, as the venue for launching its personal financial planning service. An appropriate choice since the group made it crystal clear that the service is targetted at the more wealthy sector of the community.

Maurice Thompsett, one of the partners, admitted that the service was intended only for those with a minimum income of £50,000 a year or disposal assets of at least £100,000.

However, they believe the potential clientele is large with a "generation of inheritors" bringing in an "era of new rich." It is estimated that in Britain there are some 20,000 millionnaires, 100,000 half-millionnaires and 500,000 who meet their qualifications.

Touche Ross spent 18 months *setting up the service, which* will operate from 23 centres throughout Britain with 200 specially trained staff. Advice on all aspects of financial planning, from making a will to school fees, pension planning and investment strategy are offered. But there is no share tipping and the group make great play of its independence. It rebates any commission received in full to clients, normally offset against the fees charged, and is therefore able to offer impartial advice,

John Edwards

Michael Thompson-Noel assesses the risks of racehorse investment

The giddiest bet of all

AS ALTERNATIVE investments go, racehorses are among the wildest and whackiest bets on offer. From Newmarket to Kentucky, Deauville to New Zealand, fortunes are splurged each year in a sporting market where there are few set rules, but where glittering fortunes can in theory be won.

Much of bloodstock's giddiness and glamour will be on parade at Epsom next Wednesday when they run the English Derby over one-and-a-half careening miles.

The red-hot favourite is Reference Point—owned by Louis Freedman, trained by Henry Cecil, and sired by Paul Mellon's late great stallion, Mill Reef (himself a winner of the Epsom Derby). Bred by his owner, Reference Point cost thousands to produce. If he wins he'll be worth millions.

Four days later, at Chantilly, the world's most expensive racehorse, the Irish-trained tail-swishing colt, Seattle Dancer, who cost $13.1m, is due to line up for the French Derby, the Prix du Jockey Club. Again, millions are at stake.

Conversely, the majority of racehorses—whatever they cost—plummet in value in the first 20 to 30 seconds of their very first race as their lack of speed becomes publicly apparent.

Add to this the sobering fact that training and racing costs at Newmarket, the headquarters of English racing, are now about £10,000 per horse per year, and it is easy to see why the bloodstock market is only for those with nerves of steel and money to burn.

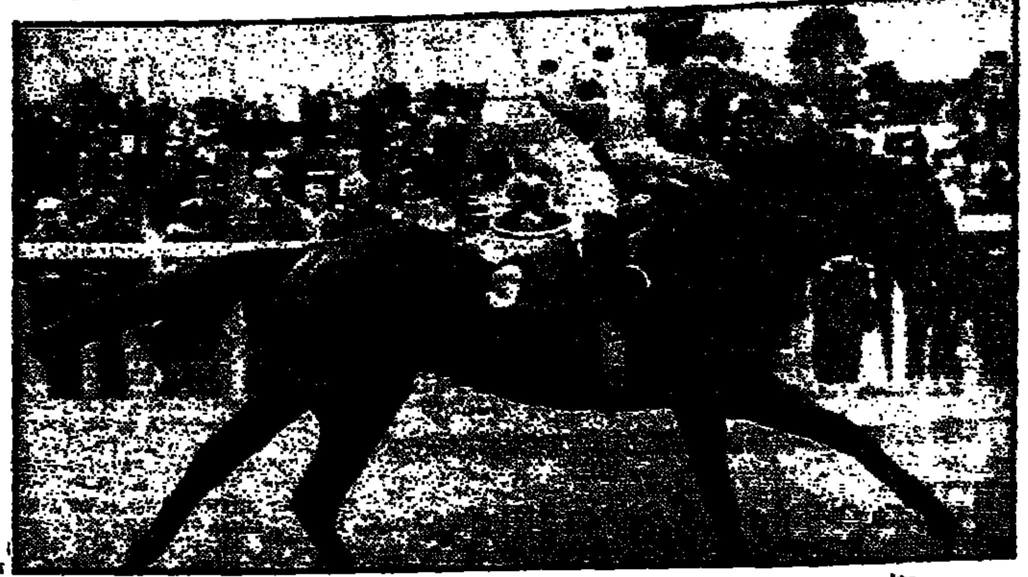
There was a downturn in bloodstock prices in most of the major breeding and racing centres last year, including Kentucky, which still lords it over the rest of the globe as the No 1 thoroughbred breeding spot. But let us focus on the UK and Irish markets, for these are nearest to hand—and as good a place as any to look for a Derby prospect, unless you have millions to spare.

For the first time, more than 10,000 racehorses were sold at public auction in Britain and Ireland in 1986. The number was 10,043, for a total of 115,200,291 guineas (1 guinea = £1.05), which was almost 10m gns below the record aggregate of 1984, when 1,216 fewer horses were sold. As a result, the average auction price per racehorse in Britain and Ireland last year was 11,471 gns—5.7 per cent below 1985's 12,165 gns, and 2,700 gns less than the record set in 1984.

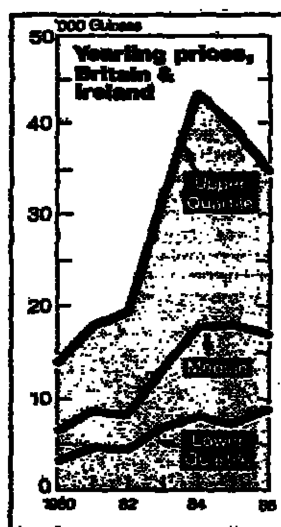
In short, the market levelled off, following a much sharper drop in 1985. But the key figures to look at are those generated by the sale of yearling racehorses—unraced youngsters that are generally sent straight from the auction ring to a racing stable, where a tiny handful of them will eventually blossom, as three-year-olds, into classic contenders and megastars.

All told, a record 3,270 yearlings were sold at auction in Britain and Ireland last year—reflecting, according to the *Bloodstock Sales Review and Stud Register*, over-production.

In the view of the Register's analyst, Michael Ross: "This substantial over-production, combined with a drastic toning-down of the cut-throat competition for the most prized lots which had characterised the boom years of 1983 and 1984, made it a fairly miserable year for most breeders, and forced reductions in the fees charged in the 1987 stud season for many of the more expensive stallions."



Reference Point, with jockey Steve Cauthen, is the red-hot favourite for next week's English Derby at Epsom. If he wins—the bookies quote him at 6-4—his value will go shooting up



At the four major yearling sales — the Newmarket Highflyer and October Sales, the Doncaster St Leger Sales, and Goff's Irish National Yearling Sale—combined turnover dropped fractionally, to 54,988,606 gns, though the average price per yearling was 9.8 per cent lower at 25,684 gns. Yet these falls were not as steep as in 1985.

Trade was strongest at the bottom end, with the lower quartile price at these four sales bounding ahead by 22.4 per cent, to 8,763 gns.

The most striking feature of the bloodstock market is the wild diversity of prices paid in the salesring. At Newmarket last autumn, at the Tattersalls' Highflyer Sale, the Dowager Lady Beaverbrook paid a sales-topping 560,000gns for a daughter of Mill Reef, now named Nemesia and trained by Dick Hern. In Kentucky the bidding often shoots into the millions. But at some of the smaller British sales you can buy a yearling racehorse for 500gns or less. Naturally it is the best-bred, best-looking yearlings that fetch the fanciest prices. But in theory any of them can win the Derby.

If you buy a yearling you'll rub shoulders—though probably at a distance—with the rich and sporting Arabs who are now such a force in British and Irish racing. According to a survey by *Pacemaker* magazine, last year the dozen or so best-known Arab owners won 430 Flat races in Britain, plus first-place prizemoney of £2.7m—about a quarter of the sum available.

Last year, Sheikh Mohammed al Maktoum of Dubai was Britain's top owner, winning 119 races worth £830,532. And the Sheikh and his brothers own 10 studs in Britain alone.

With hundreds of racers on the track, the Arabs are now settling down to breed as many good horses as they can, rather than fork out millions at auction, which was one of the main reasons for the fall in international prices in the last two years.

Yet Major Christopher Philipson, managing director of the British Bloodstock Agency, the market leader, affirms that the middle of the market was "pretty strong" last year, and is likely to remain so. Overproduction, he says, is not new. On the other hand there is plenty of private wealth swilling around, much of it liquid, which makes him "very optimistic" about prospects for bloodstock prices.

The pessimists claim that overall prize money levels in Britain are getting more and more derisory; that training costs are shooting up, and that small owners and breeders are being squeezed like pips. But there is nothing new in these claims, either.

In any case, bloodstock and racing are now highly sophisticated, with plenty of opportunities for small investors.

You can join a syndicate and buy a quarter of a racehorse, or a 20th, or whatever. Or you can joint a bigger scheme. Just before Christmas, ambitious plans were announced for setting up a new company, Hardwick Breeding & Racing, which contemplated raising up to £2m under the Business Expansion Scheme.

According to the prospectus, trying to buy or breed winners over the classic distances of a mile to a mile-and-a-half was financially unrewarding, given the spending power of the Arabs and other rich owners.

However, said the prospectus, a study of Jockey Club Flat racing statistics showed that of the 3,000 or so races in Britain each season, about 1,000 were over five or six furlongs, with the rest over seven furlongs to two miles. The prizemoney available for races over the shorter distances amounted to £4.5m, nearly double that available over any other distance.

"It will therefore be the company's policy to produce horses capable of running at that distance, with the emphasis on speed and precocity," said the document.

It sounded like a good idea. But it never got off the ground.

One sporting venture that *has* got going is Newmarket Thoroughbred Racing. The brains behind this venture are manager Anna Ludlow, a shrewd blonde from a musical family, and Newmarket trainer Patrick Haslam. The company sold 1,000 shares at £345 each, and owns 15 horses: three four-year-olds, the rest two-year-olds.

Unlike most other schemes, there are no monthly training bills to contend with because the £345 was a once-only payment. The company will be wound up on November 30, and surplus funds—prizemoney plus proceeds from the re-sale of the 15 horses—will be distributed.

Backers have already had their first winner—Run By Jove at 6-1 at Brighton on May 13. Indeed, so successful was the first scheme, which drew money from Saudi Arabia to the US to John O'Groats, that a second company, run by the same people, called Newmarket Thoroughbred Racing and Chasing, is underway.

The aim: to sell 2,000 shares at £395 each, producing a useful capital sum of £790,000 with which to buy up to 25 racehorses and pay for their training and racing. Some will be trained on the Flat this year. Most will run as two-year-olds in 1988. And a few will be jumpers, competing in the 1987-88 National Hunt season—including, it is hoped, a Grand National horse. The settling-up date is November 30 1988.

I am not as rich as the Arabs. But I *am* a barrel of laughs. So I plan to buy two of these shares. Perish or prosper, I'll let you know how I do.

Hardship Help-Line

THE BURTON retail group is inagurating a cardholders' Help-Line to help customers who get into financial difficulties.

Burton Group Financial Services (BGFS) announced the pilot scheme this week at the same time as the re-launch of the group's personal account and Debenhams cards.

There are already 2¼m customers carrying a personal account or Debenhams card. Cardholders are able to purchase goods in Top Shop, Top Man, Dorothy Perkins, Principles, Burton, Evans, Principles for Men, Debenhams, Champion Sport and Harvey Nicholls.

Now, each customer will receive a new personalised card. Those who shop most at Top Man will receive a Top Man card, Principles customers a Principles card, and so on. There will be a range of individual benefits but they will be able to use their specialised card in any Burton Group store.

The Help-Line will open on a trial basis within the next month for Debenhams' account customers. Cardholders will be able to telephone a special number for free, confidential advice.

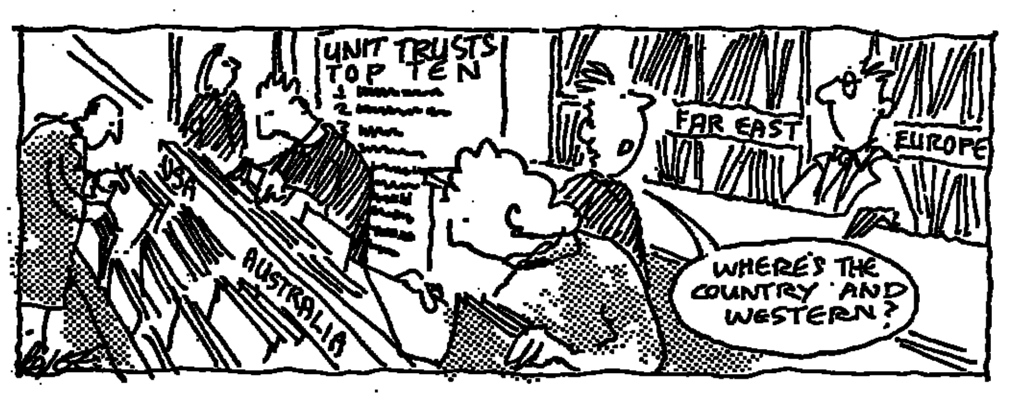
If the trial is successful it hopes to extend Help-Line to other Burton divisions.

David Legg, chief executive in this sector of the group, says: "Although the percentage of our customers who experience difficulties is small, we realise that many are victims of change in circumstance, for instance redundancy."

The group says it can also offer special insurance against redundancy, sickness and other hazards."

Index comparing is all the rage in the unit trust industry, reports **Christine Stopp**

Trusts perform for top of the pops



CONCENTRATION on performance—especially short-term performance—has become increasingly popular with the unit trust industry as a means of boosting sales. Top performing trusts are "news," and there is a welter of yearly competitions picking out the winners. Unit trusts group love this kind of thing. There's nothing like crowing about your performance in an independent competition for pepping up the advertising.

Given the range of figures available, there has been a lot of scope for managers in choosing examples to advertise. A great deal can be done to polish up the performance record by choosing judiciously which period you take, and which competitors or indices you measure yourself against. "Among the industry's top performers in the last few years" covers a multitude of sins. Another favourite ploy is simply to quote a performance figure, which may look good compared with the return from a building society. But what they don't tell you is that it's way below the sector average.

The ways in which unit trusts are categorised and priced doesn't help. To compare like with like as far as possible, the industry has hit upon dividing the 1,000-plus unit trusts into sectors. This systm works, but there are problems. The definitiions of what goes into a particular sector tend to be more rigid than is enforceable. The UK Growth definities is "capital appreciation rather than income 75 per cent invested in UK shares, with an estimated yield more than one quarter lower than the FTA All-Share index."

Trusts operating near the margins of these figures may find themselves technically obliged to switch sectors each—month but this would make it impossible for the statistical services to operate, and would destroy consistency of sector performance. If they don't switch, however, competing trusts will begin to complain.

Performance reporting is fond of "top tens." This gives a misleading picture of the generality of performance in a sector, and is no good at all if your trust happens to be outside the top rankings. There can be enormous differences between the tops and bottoms of sectors, and to date no study has been made of this type of variation.

To take an extreme example, the top performing Australian trust for one year to May this year (OPAL figures) was Waverley Australian Gold with 206.1 per cent growth. The bottom trust was Aetna Australian Securities with 18.4 per cent. The sector average given was 60 per cent.

It may be argued by some managers that the Waverley trust is a gold trust, not an Australian trust, though it is invested almost wholly in Australia. Even without it, the next highest performance is still a staggering 111.8 per cent from M & G Australian & General. The difference between the top and the bottom seems extraordinary, and poses awkward questions about management competence at the lower end of the scale.

There is 91 per cent difference between the top and bottom Australian trusts. Between the sector top and bottom in the UK General sector for the same period (Money Management figures), the discrepancy is 32 per cent, with Robert Fraser Growth turning your £1,000 into £1,505, and Thornton UK & General only increasing it to £1,023. The sector average is £1,215.

An interesting extension of the study here is how the sector has performed against the index. Money Management shows the FTA All-Share, which would have made your money grow to £1,243. Out of 91 trusts in the sector, only 24 did better than this. If you think that the whole point of having money managed in a unit trust is to beat the index, this is a sobering thought.

The trouble with the standard method of taking a "snapshot" of performance over various periods is that a recent surge or depression affects all the periods shown. Some measure of consistency of trust performance is very hard to come by.

Many managers argue vehemently against short-term performance figures, on the grounds that they encourage the public to think of unit trusts as a short-term investment. Yet it is undoubtedly true that the availability of short-term figures enables you to build up a truer picture of a trust's progression.

Short-term figures can often show up a management strategy which was fine a year ago, but has not stood up to market changes since.

"Managers are only human," as one investment director magnanimously admitted recently. If the end of the month is the date from which the figures are taken, the temptation is overwhelming to take steps to ensure that performance gets a boost at the correct moment. There are plenty of ways of adding on a percentage point or two to keep the fund top of the pops.

Kevin Goldstein-Jackson reports on ways of protecting the family if a parent dies

Investor's tale

Inheriting the windfall

MOST PEOPLE with mortgages take out a special protection insurance policy so that if you die before the mortgage is paid off, the policy proceeds will pay the outstanding mortgage. You then think that your surviving family will be able to continue living in the house after you have died.

But what many people seem to forget is just how much their house has increased in value since purchase. The house could well have risen in value by so much that when they die their total estate (including the value of the house) is worth well over £90,000 and is thus subject to inheritance tax. The house might have to be sold to pay the tax, which starts at 30 per cent on estates worth between £90,000 and £140,000 and rises in stages to 60 per cent on estates of over £330,000.

My own house is in the joint names of my wife and myself. To protect our young children from having to move, should we both die, as well as having a mortgage protection policy. I have also taken out a life assurance policy specifically to pay the inheritance tax on the value of the house. I adjust the level of this insurance cover as the house increases in value. Thus, the policy proceeds will be sufficient to pay any inheritance tax due on the value of the house.

A number of other possible circumstances can also be covered by various types of protection insurance. For example, if due to sickness, accident or injury I am unable to resume my work, then I am covered by a Disability Insurance policy which will pay a monthly sum until I am either completely recovered or reach retirement age.

Soon after my first child was born, I was concerned as to what might happen should my wife die while my daughter was still young. I would have had to employ a live-in nanny to look after the child—a substantial financial burden.

The "protection" for this possible problem was an Increasing Income for Dependants policy from Equitable Life. This policy was for 15 years (until my daughter was old enough to look after herself). If my wife had died within that period, the policy paid quarterly sums which increased by 10 per cent every year during the life of the policy. The sums paid would be sufficient to pay for a nanny.

When my second daughter was born, my wife and I also took out term life assurance policies in addition to our existing full-life policies. Term life assurance is generally considerably cheaper than full-life cover as it only covers a specified number of years. We saw little point in having considerable—and more expensive—life cover after retirement age when our children should long have left home and have successful careers of their own.

One important feature of most of our life assurance policies is that they are carefully "written under trust" in a particular way for specified beneficiaries (mainly one or both of our children).

The advantages of this are that the sums assured would not, under current legislation, form part of our estate on death and so would not be subject to inheritance tax. There would also be little delay in the payment of the sum assured on death—even if the estate itself remained unsettled with the probate registry.

A good insurance broker or financial adviser should be able to recommend suitable policies for such "protection insurance." It is important when dealing with such people to ask them to obtain quotations, for comparison purposes, from life assurances societies such as Equitable Life and London Life which do not pay commissions to financial intermediaries and so may be "overlooked" by them.

All my wife and I need now is a protection policy that provides for bodyguards to appear whenever our children consider putting soap on the stairs or crushed foxglove leaves in our tea in the hope of benefiting financially from all our insurance policies.

CHESS

CHESS is ahead of any other game or sport in terms of the number of years you can perform at a reasonably high level. The supreme exponent of chess longevity in current international play is the US grandmaster Samuel Reshevsky, whose career as a top player now spans some 70 years.

Reshevsky, born 1911, was the strongest of all child prodigies. He toured his native Poland and Europe from age six onwards, giving simultaneous displays where he rarely lost. His family emigrated to the US where he played his first international tournament in 1922, scalping Janowski who had challenged for the world title. A bizarre sequel was that his parents were charged with "improper guardianship" and he had to virtually abandon chess for some years in favour of a conventional education.

Returning in his early twenties, Reshevsky quickly became one of the leading players in the world. He was joint third in the 1948 world championship, joint second in the 1953 candidates tournament despite the pressure of being the only American in events with several Russians; and he excelled in one-to-one matches where he was unbeaten until his late fifties.

At 75, Reshevsky remains a formidable opponent with a natural flair for spotting the clearest plan in a complex position, as in this win from the recent Lugano Open.

White: S. Reshevsky (USA). Black: T. Ernst (Sweden).

Benko Gambit (Lugano 1987).

1 P-Q4, N-KB3; 2 P-QB4, P-B4; 3 P-Q5, P-QN4; 4 P-B3. Nowadays the trend is to avoid the main line of Black's gambit 4 PxP, P-QR3; 5 PxP, BxP when active pieces and Q-side pressure are good compensation for a pawn.

4 . . . PxP; 5 P-K4, P-Q3; 6 BxP, P-KN3; 7 N-K2, B-KN2; 8 QN-B3, 0-0; 9 0-0, B-QR3?

The game is now effectively a normal King's Indian Defence where Black has advanced P-QN4xP which should be in his favour. However the plan to exchange light squared bishops proves abortive and entangles Black's pieces. Better is QN-Q2-K4 when B-QR3 can follow if White retreats B-QN3.

10 N-N5! KN-Q2; 11 KN-B3, N-N3; 12 B-K2, QN-Q2; 13 P-QR4! Q-N1; 14 P-R5, N-B1; 15 Q-R4, Q-N2; 16 R-R3! R-N1; 17 R-N3, N-K4; 18 N-Q4! Reshevsky has prepared well for this winning idea. Now he obtains the bishop pair while Black is left with a weak pawn in the white camp.

18 . . . Q-B2; 19 BxB, PxN; 20 RxR, QxR; 21 N-K2, P-Q6; 22 N-B4, B-R3; 23 P-QN4, N-N3. Sacrificing a piece for counterplay, but Reshevsky also proves superior in the coming tactics.

24 PxN, QxP ch; 25 K-R1, Q-Q5; 26 N-K6! PxN; 27 BxB, N-N5; 28 BxR, N-B7 ch; 29 RxN, QxR; 30 P-R3! KxB.

Black finds that if P-Q7; 31 B-R6, Q-K8 ch; 32 K-R2, P=Q; 33 Q=K8 mates.

31 BxP, Q-K8 ch; 32 K-R2, Q-B6; 33 Q-B2, Q-K4 ch; 34 P-N3, PxP; 35 PxP, QxP; 36 P-B4, Q-Q5; 37 P-N5, K-N2; 38 P-KR4, P-Q4; 39 B-B1, Resigns. For White wins easily with the extra bishop.

PROBLEM No. 673

BLACK (2 men)

WHITE (5 men)

White mates in four moves, against any defence (by J. Breuer). The bishops and knights are scattered, but this is very much a problem whose difficulty lies in the hidden plan of White's first move.

Solution, Page XVII

Leonard Barden

• FINANCE & THE FAMILY •

Assessed wrongly

If, after appeal against a wrong assessment and appeal for postponement of part of Schedule D tax, then several further wrong assessments, a correct assessment is finally supplied, but without any notice to pay—now well after the date January 1 for the first instalment—has one to pay the collector without any notice to pay or is one to wait until one receives a notice from the collector? If one waits, from what date would interest, if any, be charged?

If, after agreement has been reached with the Inspector, a notice to pay finally arrives, months later, from the collector, but is wrong, is then sent back, and after a further few months a correct notice finally arrives and is paid promptly, is the collector entitled to charge interest back to the dates one would have had to pay if both the Inspector and the collector had done their work correctly in the first instance and had properly communicated with each other?

Is there any appeals procedure against interest charges and, if so, what is it? Where can one find details of the relevant regulations and extra-statutory concessions and custom and practice?

The rules relating to interest are outlined in the small print on notices of assessment, but not clearly enough. A free pamphlet on appeals is obtainable from your tax inspector: ask for IR37(1985).

Because the rules are so intricate (and poorly drafted), it is difficult to answer your questions within a reasonable space—without knowing the precise figures and dates. Generally speaking, however, Parliament has ensured that delays at tax inspectors' and collectors' offices—and lack of liaison between them—will not affect the amount of interest payable by taxpayers who are wrongly assessed. In a local reference library, you will find the rules in section 86(3) of the Taxes Management Act 1970 (as amended)—in the British Tax Encyclopaedia or in Simon's Taxes, for example.

Storage charges

Due to the take-over of Charterhouse Petroleum, I now have 56 Bearer Shares in Petrofina. Each share is a separate certificate.

I was advised by my branch of Barclays Bank that these should be held at their office dealing with securities at their main City office. To my surprise, they charge a storage fee of £1.00 per share plus VAT, that is £64.40 per annum. No doubt collection of the dividend will be extra. Could you tell me the procedure for claiming the dividends on these shares, and whether there is any reason why I could not do it myself? I could keep the certificates in my office safe.

It seems fairly clear that Barclays Bank's suggestion is designed to benefit their own pocket rather than yours. There is no reason why you should not retain the certificates yourself, if you bear the risk of their being lost or stolen: and you can notify the company's registrars to remit dividends direct to you.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Alimony payments

I wonder whether I might ask for your help and guidance in a personal matter which is causing me great concern.

My wife left me five years ago in March 1982 and although I have not sought a divorce, I believe after five years this becomes more or less automatic. I have now met someone else and we would like to get married but I do not want to make any commitment until I am sure that my wife cannot claim from either my estate or my second wife's estate.

Should I remarry, would I be expected to continue the maintenance allowance to my ex-wife, and could she claim from my new wife's estate. Incidentally, my new wife receives a small pension from her employers of £3,300 per annum (gross).

If you remarry and your second wife is not herself in a position to contribute substantially to your joint expenses you might obtain some small reduction in the maintenance you are presently paying. If, however, you cease your present employment a more substantial reduction is likely, but it is less likely than not that you would reach a stage where the maintenance order would be discharged or made nominal. The principle is always to assess the joint incomes and to ascertain how much of that should be made available for your wife's maintenance.

Tenancy changes

My wife and I hold our house as "joint tenants beneficially." In order to reduce Inheritance Tax we would like to dispose of our respective shares to a third party in our wills. Would an exchange of letters be sufficient for this and what should be the wording please?

It is enough if one of you writes to the other: "I hereby give you notice severing our joint tenancy in equity so that henceforth we hold the property known as Ardwyn Villa Poplar Road Tredegar on trust for ourselves as tenants in common in equal shares." A written acknowledgement of receipt of that notice signed by the recipient is desirable, although not essential.

BRIDGE

EARLIER this month, Queens Club held its competition for the Centenary Cup. Teams of eight from Queens, Roehampton, Hurlingham, and All England combined with Cumberland, spent a most enjoyable day, generously sponsored by the Bank of Cyprus (London).

There was also a team of experts, in which I played, who competed against the other teams but not for the prizes. The cup was won by the home team, Queens, who showed good form throughout, with Roehampton second.

Here is a hand which caused bidding errors:

N
♠ 5 2
♥ Q 10 9 2
♦ Q 10
♣ J 10 8 3 2

W
♠ 9 8 7 6
♥ 8 5 4
♦ K J 9 5
♣ 9 6

E
♠ K Q J 10 4 3
♥ K J 7 3
♦ 6
♣ Q 5

S
♠ A
♥ A 6
♦ A 8 7 4 3 2
♣ A K 7 4

In one room my partner, Lewis Ellison, sitting West, dealt; and after two passes I bid one spade. South's overcall of three diamonds ended the auction, and 11 tricks were made.

In room two our partners, Bob Rowlands and Derek Rimington, were North and South respectively. Again, East opened with one spade, Derek doubled, and West said two spades. After two passes, South bid three diamonds.

North had a difficult decision but passed. However, East—*quem deus perdere vult, prius dementat*—came to the rescue by bidding three spades, Derek bid four clubs, and North raised to five. The contract was easily made.

Believe it or not, at another table the same bidding took place. The East player, blind to all danger, again reopened the bidding with three spades after South's three diamonds was passed up to him.

N
♠ Q 4
♥ K Q 6 5 4
♦ Q 10 5 4 3
♣ 8

W
♠ 6 2
♥ J 8 7 3
♦ J 9 8
♣ J 9 5 3

E
♠ J 8 7 5
♥ 2
♦ K 7
♣ A Q 10 7 4 2

S
♠ A K 10 9 3
♥ A 10 9
♦ A 6 2
♣ K 6

The hand was perhaps the most interesting:

With both sides vulnerable West dealt. After two passes East bid one club, which South doubled. North bid two hearts and South rebid two no-trumps—surely three clubs is the best continuation—and North raised to three.

West led the three of clubs and East played the queen. South won, cashed two hearts—finding West with the guarded knave—then cashed three spades. When that suit, too, was held, the contract failed by one trick.

South failed to draw inferences. East had to discard a club on the second heart, which was significant—he could not afford a diamond or a spade. If South throws East (or West) in with his club, the defence will not beat the contract.

If West wins and leads the knave of hearts to set up his eight, he forces East to throw another club; if a club is led back, East is endplayed.

Four hearts is the right contract. East leads the ace and another club, and the safety play of running the ten of hearts will be rewarded by two overtricks.

E. P. C. Cotter

طبق الأصل

Overseas Property

Big Sky
• MOVIE RANCH •

THE LARGEST LAND AUCTION EVER?

6,700 ACRES

A rare opportunity to acquire the last of the great California movie ranches . . .

BIG SKY RANCH
LOS ANGELES, CA., USA

- ★ Strategically located between San Diego and Santa Barbara in the Pacific Rim financial growth pattern.
- ★ Only 30 minutes from Hollywood
- ★ Approx. 6,700 acres of prime land with considerable residential retail and leisure development potential— to be sold at auction in its entirety, or in parcels.

Auction: Saturday June 13th 1987

(Prior Sale Considered)

Full details upon application to Joint Auctioneers

Anthony Green & Spencer
01-935 2335
7 MANCHESTER SQUARE, LONDON, W1M 5RE

LARRY LATHAM
AUCTIONEERS, INC.
OF CALIFORNIA

3400427

COASTAL & COUNTRY HOMES IN SPAIN

Make your dreams come true and for less than you would think! We have a wide range of properties available in SPAIN on the COSTA BLANCA in SUPERB LOCATIONS— DENIA JAVEA CALPE MORAIRA ALTEA.

Send for our brochures, which give full details of our properties, and our low cost INSPECTION FLIGHTS.

COMETA PROPERTY SERVICES
BURNSIDE, THEMILLHAM, WEST HENDRED, OXON, OX12 8RN
TEL (0235) 834418/833848 (24 HOURS)

GREEK ISLANDS IOS

EARLY 1960's VILLA
SITUATED IN 4.2 ACRES OF LAND IN IDYLLIC POSITION WITH UNIQUE BEACH FRONTAGE

Accommodation comprises 3 double beds with WHB and showers, bath, 2 WC, sitting room, dining room, and utility room. Natural water source. Enormous potential for development to Hotel/Restaurant/3 or 4 smaller domestic units, or a larger modernised villa which would benefit from private and direct access to the island's most popular beach and total panoramic seclusion.

URGENT PRIVATE SALE
£200,000

Telephone Godstone (0833) 842802

PORTUGAL

Advice given on all commercial and personal matters.
DAVID SAMPSON & CO
London Office 50 Stratton Street, London W1X 5FL
Tel: (01) 493 9933. Telex: 8813144
Fax: 44 (1) 629 7900
Lisbon Office Telephone: 351 (1) 284 3817/3246
Fax: 351 (1) 284 4814. Telex: 42397
Algarve Office Telephone: 351 (89) 95556/95710. Telex: 56772

MENORCA COUNTRY CLUB PLAYAS DE FORNELLS

The *finest and most exclusive* development of beautiful studios, apts, garden villas and individual villas, set in lush gardens, overlooking the sea, in the Balearics. New phases starting now. Prices: £22,000-£100,000 plus. Indoor/outdoor pools, country club, full sports facilities.

Contact the developers (Bob Mathews) Mon-Fri (0932) 243104/243168 for colour brochures and details of weekend inspection visits in June/July by scheduled airline

---

SELECT SOUTHERN CALIFORNIA PROPERTIES AVAILABLE
For Sale or Joint Venture

Choice of residential, office or commercial projects either completed or "to be built," offering security w/ appreciation plus exceptional return on investment. R.E. Developer w/proven track record of successful projects from concept to final sale invites inquiries.

Contact J. Holmes for further details: 4400 MacArthur Blvd., Fifth Floor Newport Bch., CA 92660, USA Fax 714 955 4990

EXCEPTIONAL VIRGINIA BLUE RIDGE RETREAT

Entire mountain cove, totally secluded but easily accessible. 70 acres restored Victorian home plus 4,000 sq. ft. redwood and glass cabin, spectacular 50 mile views. Best climate, hunting, horseback riding, fishing and scenery in Eastern U.S., surrounded by National Forest, near Troutdale. Stables, kennels, 5 trout ponds, turn key condition, resident caretaker.

$175,000

MORTON REALTY
Box 248, Independence, Va. 24348
(703) 773-2911

SWITZERLAND
Sale to foreigners authorised
Lake Geneva & Mountain resorts

You can own an APARTMENT or CHALET in MONTREUX, CRANS-MONTANA, VERBIER, VILLARS, LES DIABLERETS, CHATEAU D'OEX, *ESTAAD Valley, JURA, Thermal Center in the Rhone Valley, etc from SFr 110,000. Mortgages at 6% interest.*

REVAC S.A.
52, rue de Montbrillant . CH 1202 GENEVA
Tel 41 22/34 15 40 Telex 22030

ISLE OF MAN

Superbly situated secluded country property enjoying southerly views over land and sea. Airport 5 mins, Douglas 15 mins. Main house 5 beds. 2 rec. Cottage 2 b'a's. Bungalow 2 beds, 2 rec. Loose boxes. Garaging. 72 acres.

Price: £360,000

CHRYSTALS
Chartered Surveyors
Ramsey, Isle of Man - 0624 812236

MALLORCA
Unique Investors Item

Beautiful country estate east coast. Ca. 500,000 sq m. 800 m coastline with 320 m sandy beach. Near most attractive touristic areas, only 45 km from Palma. Ideal for all purposes. Price: 500m Ptas.

Express Inquiries: 0034-71-402288

DENIA—Costa Blanca, Spain. Spacious 4 bed furnished villa on ¼ acre, lovely position, £65,000. Tel (0243) 783312.

MOVING ABROAD—For the most efficient removal service to Europe, especially *Spain, at competitive prices call Freephone Europa Move.*

INTER SPAIN PRESENT
LAS PALOMAS
COSTA TROPICAL

Tranquil estate of low-rise apartments and houses. Superb subtropical gardens with views over bay. Tennis, swimming pools, restaurants, supermarkets, health facilities. Call:

INTER SPAIN ON
(0280) 775165/779002

GUERNSEY

Secure your future retirement home in beautiful, peaceful Guernsey by purchasing an immaculate, spacious 4-bedroom house with a large garden at a *substantial discount* if you buy now with a leaseback agreement with the present owner until 1990.

PARKES & ASSOCIATES LIMITED
4 St. James Street, St. Peter Port, Guernsey, CI
Telex: 4191143 Tel: 0481 26798
Fax 0481 711364

COTE d'AZUR—Airport 20 mins. Splendid villa, 4 bedrooms, large terraces, beautiful gardens with heated pool. Breathtaking views over Med. Partly furnished if required. Private but not remote. Photos and details phone 010 33 93 59 34 09.

L'ESCALA, COSTA BRAVA—30 mins. France, 90 mins. ski resort, gourmet paradise—extensive portfolio £13,725-£100,000. PALS, superb golf properties. Casa International (0273) 609420.

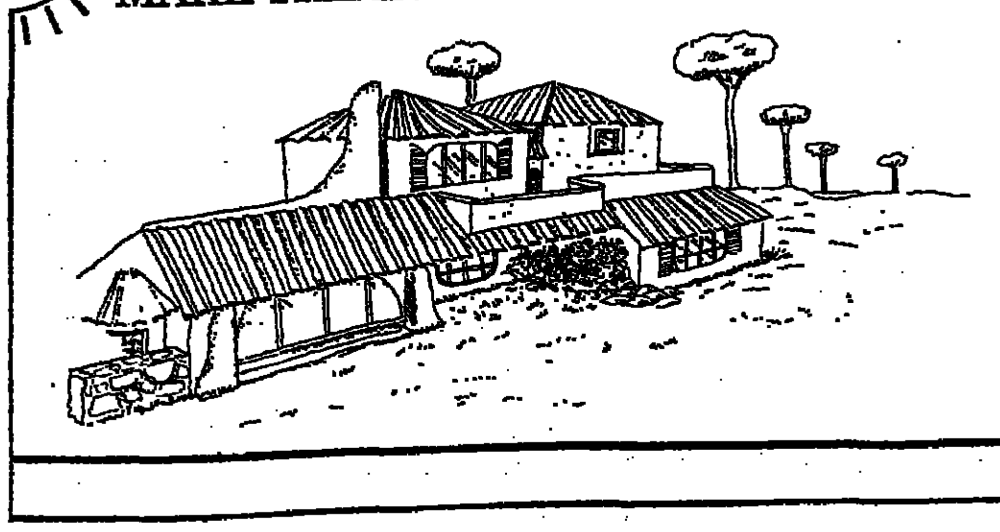
PROVENCE—Super properties between mountains and sea. Finance available. Brochure: Villotel Ltd. 01-485 2733.

MALLORCA—Upmarket houses and apartments, coast and countryside. Dominic Shapeero (0602) 413593.

MARBELLA—Detached villa in delightful location, beautifully maintained. £60,000 region. JUST OVERSEAS tel: (0743) 64108.

PROFITABLE Shropshire County Free House. Good accommodation, catering facilities. Potential bowling club, main road position. £225,000. Chamberlaine *Brothers (0743) 50541.*

MAKE THE INVESTMENT OF A LIFETIME IN A LIFETIME OF HOLIDAYS



Quinta da Marinha is an exclusive golf and country club set *on* Portugal's aristocratic Estoril coast.

There, surrounded by unspoilt pine forest, nestle a limited number of superb holiday homes. Each designed to blend with the natural beauty of the surroundings and exquisitely decorated to reflect the best of Portuguese design.

There are elegant villas from £145,000 and secluded townhouses from £65,000.

All around are the club's superb facilities. An 18-hole championship golf course, restaurant, bars, swimming pools, tennis courts and a riding centre. There are fabulous beaches on the doorstep, and Lisbon is only 30 minutes away. If you'd like to know more contact our London office: 462 Kings Road, London SW10 0LG. Telephone 01-351 7318, 24 hour answering service.

QUINTA DA MARINHA
GOLF & COUNTRY CLUB

London Property

THE BUSINESSMAN'S LONDON RESIDENCE

Mayfair

46 Upper Grosvenor Street, London W1
MAYFAIR

A selection of outstanding apartments within a classic refurbished Mayfair building, adjacent to Grosvenor Square.

SHOW FLATS OPEN EVERYDAY 11am – 7pm

Two bedroom flats from £250,000
Three bedroom flats from £495,000

CHESTERTONS
PRUDENTIAL
47 South Audley Street London W1Y 5DG
Telephone 01-629 4513 Telex: 8955820

Keith Cardale Groves
Chartered Surveyors
22 Grosvenor Square
London W1X 9LF
01-629 6604
Telex: 27839

BRANHAM GARDENS SW5

Mansion block spacious flat. 2 bedrooms, 2 bathrooms (1 en-suite), 2 reception, kitchen. Long lease. Second floor. Lift, porter, ind. c.h.

Offers in excess of £200,000

Tel: 01-373 9271
or 0635 201102 w/e

PENTHOUSE

2 bed, overlooking St Katherines Dock. 5 mins from City, ideal for company purchase. 60 year lease. £225,000. Early viewing recommended.

E. A. SHAW & PARTNERS
01-403 7250

VIEW THIS SUNDAY
1-5 pm

Fountain Mews, Highbury Grange, N5. An Award Winning development of 12 4-bed houses in a charming mews setting with landscaped courtyards with fountains. Top quality fittings throughout and 10 yr NHBC guarantee. Prices from £185,000. *Joint sole agents:*

STICKLEY & KENT
359 8243
BRIAN LACK
586 6929

FINAL PHASE

Battersea Triangle
Battersea Church Road
London SW11

Completed to an extremely high standard
9 houses remain on this exclusive development by Battersea Bridge

- ▲ 3 Bedrooms
- ▲ High Quality Carpets
- ▲ Private Garaging
- ▲ Fully Equipped Kitchens
- ▲ NHBC 10 Year Certificate
- ▲ Security Gates
- ▲ Landscaped Gardens

Prices from £185,000 Freehold
Show houses open every day 11.00am-7.00pm
For brochures contact Sole Agents

JOHN D WOOD & CO

501 Battersea Park Road, London SW11 01-228 0174

New Homes

FAIRBRIAR HOMES

THE SQUARE
as described in
ALL THE BEST CIRCLES
King George Square
RICHMOND
Fairbriar Homes . . . .

SALES CENTRE OPEN DAILY
from 10 a.m. – 6 p.m.
Phone 01-940 0325

Properties available:

FLATS	£115,000
MEWS COTTAGES	£207,000
TOWN HOUSES	£272,000
LODGE PROPERTIES	£285,000

open the door to
THE GOOD LIFE

CLUTTONS

LUXURY DEVELOPMENT OPPORTUNITY

44/46 EGERTON GARDENS, LONDON SW3

Two adjacent vacant buildings (with lift) giving on to private gardens of quiet Knightsbridge Square offered for redevelopment on basis of an Agreement for Lease (to expire December 2053).

Only established developers with proven experience of highest quality luxury developments should apply.

Ref. TC
117/119 Fulham Road, London SW3 6RL
Tel: 01-589 1122

CLUTTONS

ONSLOW SQUARE, SW7

Unusual opportunity to purchase magnificent 1st floor flat spanning across 2 buildings. Just modernised and interior designed to highest standards and having superb drawing room overlooking gardens. 3 beds, 2 baths (1 en suite), shower room en *suite, dining room, fitted* kitchen. Lift. Caretaker. Balcony. Access to communal gardens with tennis court. 2 basement rooms. CH & CHW.

LEASE 61½ YEARS APPROX.
OFFERS IN EXCESS OF £500,000
Chelsea Office
Tel: 01-589 1122

S.E. LONDON
LONDON BRIDGE 6 MINS
LARGE 1-BED GARDEN FLAT
IN ELEGANT GRADE II
LISTED HOUSE

Large bedroom, living room, bathroom, fully fitted kitchen (all white) including built-in oven and hob (white) cooker hood and fridge. Full gas fired central heating. Chubb locks and burglar alarm. All carpets and blinds to remain. 50ft lawned and terraced garden with large patio. 3 miles from the City and well served by public transport for the city/west end. (17 minutes by car in the rush hour). 98 year lease remaining but a ⅛ share of the freehold/management company will be available to the purchaser.

£62,000

Tel: 01-489 0032 office hours
01-639 3877 evenings and weekends

CAPITAL HOME FINDERS

Acting only for buyers, we offer a residential and investment property finding service in Central, West and South West London.

For details write to:
5 Little Chester Street
London SW1X 7AL
Tel: 01-235 5504 (24 hrs)
MEMBER ASSOCIATION RELOCATION AGENTS

BARBICAN—For sale sunny 2 bedroom Flat. £170,000. Tel: 01-628 0746 (weekdays) or 049376 544 (weekends).

REGENTS PARK, Avenue Road. Seeing is believing. Interior designed luxury flat. 3 double bedrooms, 3 bathrooms, dressing room, large lounge and dining room, bar area, luxury kitchen, cloakroom, 3 balconies, central heating, elevator, porterage, garage. 983 year lease. £550,000. Tel: 01-586 2884/2953.

STANHOPE PLC. Hyde Pk. Immaculate newly mod mews hse. 3 beds, 1/2 rec, 2 bath/WCs, superb k/br. gge. £275,000. Lawson & Herman. Tel: 01-937 9777.

HIGHGATE, N6—Secluded modern 3 bed house in quiet leafy close, 5 min tube, village, Hampstead Heath, 20 mins City. G.C.H., garage. £219,000. Tel: 01-348 2137.

LUXURY FLATS BLOCK—Flat roof, new top flat vacant. Also ground floor and gdns, plus property consultants company by Springfield Park and Marina, London, E5. Owner retiring. Offers invited around £100,000. 01-806 7437.

PIER HOUSE, Cheyne Walk, SW3. Purpose-built second floor flat, 3 bedrooms, 2 bathrooms, double reception, balcony, terrace I.G., C.H., parking, porterage, lifts, lease 88 years. £385,000. Telephone: 01-937 1887.

SHEPHERDS BUSH—2 mins from BBC. Gdn Flat, 1 bed lge rec, bath, WC, Kit. rm for conserv, lge cellar, poss DIY. Extra Jacuzzi bath, WC, sauna and squash court. Subject planning perm. *£95,000. 01-743 8288.*

Residential Building Land

BUILDING PLOT West Sussex coast unique ¾ acre sea front site on superb Willowhayne Private Estate. Offer around £200,000. Apply Whiteheads, Fox & Sons, 4 Broadmark Parade, *Rustington (0903) 773131.*

Rentals

KNIGHTSBRIDGE MEWS

1 min Harrods. Superb luxury interior designed. 2/3 bedrooms, 2 terrazzo bathrooms, 1/2 reception rooms, Poggenpohl kitchen, every possible amenity. Centrally heated. Fully furnished including piano. Owner's own home.

Telephone
01 259 6463 or 01 584 8732

TO LET
Surrey, Pyle Hill, Woking
7 mins walk Worplesdon Station, Waterloo 35 minutes

Magnificent split level family house Part furn. 3 lge rec, 3/4 double beds, 2 bathrooms, new luxury kitchen, 2 acres landscaped garden, further 11 acres grazing available. On Tasis and American school pick up route.

£2,200 p.c.m. inc. professional gardener. Long let.

HORNER HILL LTD
Incorporating MAYS RENTALS
Tel: (0990) 25218

BERKSHIRE (Winkfield)
Ascot 2 miles (Waterloo 55 mins) M4 3 miles, M3/M25 4 miles

A superb 14th century grade II listed detached family cottage enjoying a delightful semi rural environment. The property has been extensively renovated whilst retaining its original character. One third of an acre of secluded garden, 4 bedrooms with further en-suite guestroom. 2 baths, 3 reception rooms, luxury kitchen.

Offers invited in the region of £235,000 Freehold

HORNER HILL IMITED
Tel: 0990 25218

Overseas Property

PUERTO
SOTOGRANDE

The Directors of Puerto Sotogrande S.A.
request the pleasure of your company
at a Preview Presentation
of Spain's latest marina and luxury apartments

The Carlton, Bournemouth
Sunday 31st May and
Monday 1st June
11.00am–7.30pm
The Riviera Suite

The Baltic Exchange, London
Thursday 4th June
11.00am–8.00pm
The Queen's Room

The Grand, Brighton
Saturday 6th and
Sunday 7th June -
11.00am–7.30pm
The Court Room

The Dorchester, London
Tuesday 9th and
Wednesday 10th June
12.00pm–8.00pm
The Holford Room

RSVP: Puerto Sotogrande, 27 Hill Street, London W1X 8AS. Telephone: 01-493 1333 or 01-491 3685

London Property

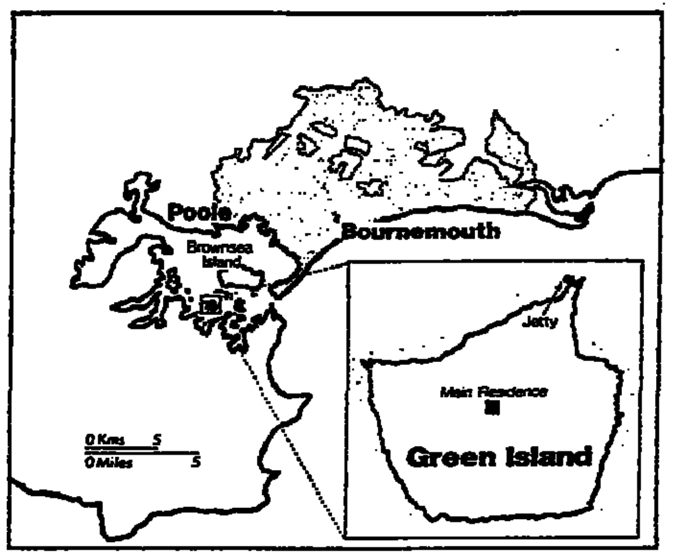
• PROPERTY •

John Brennan goes island-hopping

Surrounded by water

WATERSIDE properties invariably command a fair premium over those with a static landscape. But when the waterfront makes a 360 degree circuit of the place, the premium is generally countered by the location. So many of the islands that come on to the market appear at the extreme top edge of map Britain, clustered along the Scottish coast. Buyers there either become committed to the crofting life, or soon tire of the travelling. They become retreats rarely retreated to, and the turnover of impulse-bought Western and Hebridean islands makes them one of the oddest of trading stock.

Put an island a couple of hours' drive from London. Park it in the centre of one of the most popular sailing areas on Dorset coast and you would have a qualitatively different property. You'd also come some way towards describing Green Island in Poole Harbour.



You do have to like boats if you want to visit the place. From Poole Harbour, you travel out beyond the working coasters, the brokers' motor yachts and bank managers' dinghies and along past Baden-Powell's early boy scouts' camps on Bronsea Island into what, to the landlubber, appears suspiciously like open sea.

It isn't of course. In this near land-locked harbour the water is docile enough. But the mini-waves are quite sufficient to justify the designer waterproofs and captain's peaked caps for the weekend bridge of a power boat, or the rope soles, chunky jumpers, pipe, and wine-club conversation of the real sailing-types for whom no rope is safe from miscasting as a sheet, and whose knowledge of luffing inspires yawns of interest from their neighbours ashore.

Sail beyond Round Island, where conifer cover obscures 1930s houses with views across the bay interrupted only by refugees from the bird sanctury of the Arne Peninsular. Green Island by this time looks just that, many shades of green over a child's size cliff. Go round past waders' hunting grounds of shallow water and uncovered foreshore and the channel passes the BP oil and gas wells of Wytch Farm.

This on shore fragment of the petrochemical industry, lying as it does within one of the most protected stretches of coastline in the country—between wild life sanctuaries and National Trust territory—is revealed as a single, tiny stone shed. A pumping station, it seems, but one that the oil company and the planners have landscaped out of sight.

Facing Furzey Island—home of Algy Cluff for a time and, before his brief reign, site for the handsome mid-war country house of the Birmingham Post & Mail press baron Lord Iliffe—is the jetty for Green Island. Past the "Private" signs, up through an avenue of chestnut trees and the extraordinary nature of the place starts to become apparent. It is an overgrown garden, a gentle, 19-acre hollow of an island lying out of the prevailing winds and covered with a stunning mixture of trees and shrubs.

The island was bought by Tim Hamilton-Fletcher 20 years ago when he was still farming in Kenya. He spent his childhood in and around the Wytch Farm estate and knew the island, when the garden, planted out in the 1920s was already mature. It was abandoned during the war, and remained untended until the 1960s. That's how it evolved into today's mix of tended paths and manic rhododendrons, lawns vying with shrubs that create covered-in walkways straight out of the most mysterious of nursery stories.

Hamilton-Fletcher built a Swedish A-frame house at the centre of the island with help of his architect brother, a Royal Marine landing craft (to bring in the vast frame sections), and endless hours of lifting and hammering.

The A-Frame has been base for families renting the island for summer holidays in recent years, and local potter Guy Sydenham and his wife have been the only permanent residents, living in the island's second house and using a separate pottery workshop through the year.

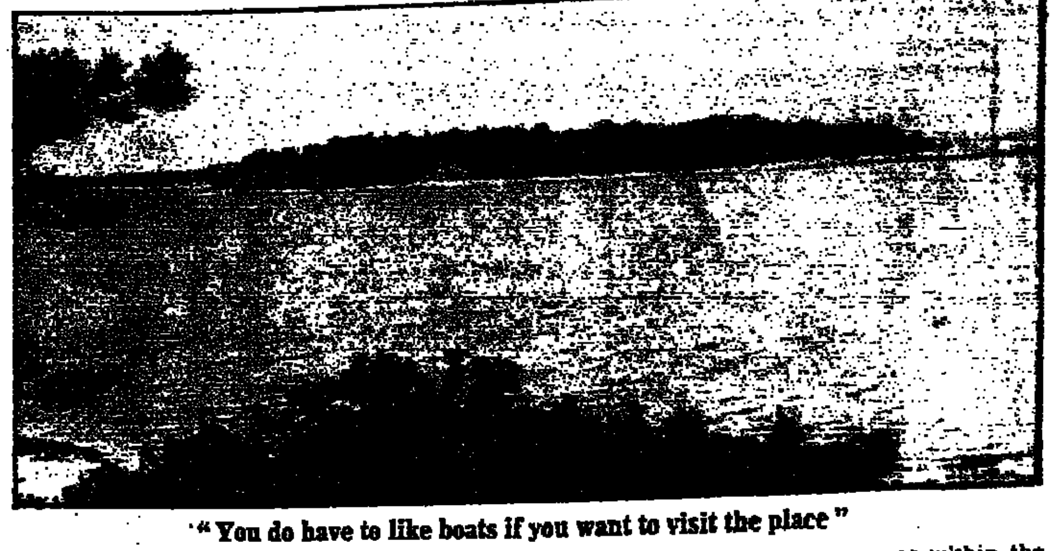
The Sydenhams' decision to retire ashore, and Hamilton-Fletcher's view that, as he gets older he would soon find it a struggle to keep maintaining the island to its present standards, combined to persuade him that is was time to sell.

Patrick Ramsay at Knight Frank & Rutley (01-629 8171) is handling the sale, and he's looking for offers over half a million pounds for the island which, with its foreshore, totals 46 acres and which can claim 14 different types of hardwood tree; Hamilton-Fletcher's estimate of 12 red squirrels; no rabbits; a helicopter landing pad; ample well water; bottled gas rather than electricity—although there are a couple of new generators if anyone wanted to plug in; and, unless the buyer fears telecommunications withdrawal symptoms and brings a portable—there's the signal advantage of no 'phone lines.

It is unlikely that anyone will sign to buy before the outcome of the election is known, and so the new owners won't be able to test Green Island's value as a place of escape from election news until next time around.

Elections normally bring the whole of the housing market to a standstill, and in areas like Poole and Bournemouth, where much of the more expensive property is being bought by people who don't have to make a move, this year's call to the polls has been no exception.

Brian Norris, of Fox & Sons, has watched the effects of ten general election campaigns on the Bournemouth/Poole housing market over the past 35 years.



"You do have to like boats if you want to visit the place"

"People invariably wait and see. If the blues win its lively immediately, if not, it generally takes six to 12 months before the market settles back to normal," he says.

"Normal" on this stretch of the Dorset coast has become increasingly nearer to Home Counties prices as the area has begun to shed its retirement home image, and as incoming financial groups have added their quota of executives to the queue of buyers.

"There is very little available to buy along the harbour shore these days," says Allen. "When places come up you are talking of a quarter to a half a million pounds on the upper reaches of north harbour, in Lilliput, and on the *Sanbanks Peninsula*."

Chase Manhattan, Barclays International, Mutual Life of Australia, and Abbey Life have all made the move to new offices in Bournemouth. As Allen says: "People from away have this picture of half the population travelling in wheelchairs, but we're not so retired these days.

"People retiring from Surrey expect to find properties substantially less expensive than in their own areas, and it is just not so."

He has seen a marked change in the pattern of buying over the past three decades. People from the Midlands used to be the most active incomers. They've largely been priced out of the market. Now, apart from the usual house moves within the area, buyers are coming in because their jobs have moved to the coast, to get a second home, or are turning a big London surburban home into a seaside flat and income.

Not that the retirees find much of a choice of flats. "People come in asking for a flat with £50,000, or £250,000 to spend, and they expect that there will be a long list for them to look at. They are amazed when they find that there is very little for them to choose from even in the higher price ranges. All Dorset agents are desperately short of properties. If you can get an instruction to sell, there is no problem finding a buyer."

A FAIR number of the bigger New Forest houses are an architectural embarrassment, with enormous added-on wings and lumpen annexes. Kingswood, a six bedroom Victorian family house near Tiptoe, just outside Lymington, started off big, but it has been saved from the area's compulsion to draft on too many extra rooms. The house stands in ten acres of garden and paddock and Paul Jackson & Jackson (0590 75025) is looking for offers around £375,000.

J.B.

Country Property

Fishings

Overseas Property

London Property

Views from a Jamaican verandah

AN ENDURING moment of a stay in Jamaica is the awakening on the morning after the long flight from Europe. You are barely covered, but neither chilled nor sweating. You sense neither the sound nor the dead whiff of air conditioning. Verandah doors are wide open—and have been open all night. They frame a view of seagrape trees growing from a strip of lawn, beyond which lies a beach of talcum powder, on to which laps a sea of brochure blue. Breakfast forms the centrepiece, laid by discreet and lovely ladies.

A Caribbean cliché? Unashamedly; but one with some uniquely Jamaican elements. The climate there is constant, bar the odd bout of rain and the occasional tropical storm in late summer, with the temperature hovering between 80F and 90F throughout the year. So Jamaica retains all its appeal in summer. Its high season falls in February only because that is when its comparative advantage for frozen North Americans is greatest.

Jamaica's size and its 7,000 ft chain of mountains mean that the coast is spared the muggy summer heat of flatter and smaller Caribbean islands. A cooling sea breeze is drawn inwards and upwards during the day, and mountain air floods back out to sea at night. This natural air conditioning far outclasses the artificial variety. It does not drown out the wash of the sea and the sound of tropical night creatures.

Verandah doors can stay open thanks to the surprising absence of flying insects. It is a true wonder that during a week of reading in the evening under table lamps, not a single moth, midge nor mosquito appeared, at three different places along the Jamaican coast. Jamaican bats are said to be very diligent. If so, the insects must be workaholic too, to keep the island's extravagant flora multiplying.

That waking picture also assumes an ideal form of Jamaican hotel. This is long and low, and is just one-room-and a-verandah deep. It both stretches along and embraces its own beach. The room is not perched too high; its view catches the fall of the land, through flowers and trees, over grass to sand and water, and is intimate with its own section of each of these.

Jamaica Inn, the grand dame of Jamaican hotels, near the town of Ocho Rios, fulfils this choosy prescription exactly. It probably invented it. Plantation Inn, also outside Ocho Rios, comes close. Some of the beach cottages at the Half Moon Club, near Montego Bay, have the right quality. The small hotel at Roundhill has charming, simple rooms, opening out onto the sea but not over a beach. Some of its cottages are superb in a different way, ranging up a garden valley of great lushness that cradles a view of the sea below. Sans Souci, near Ocho Rios, cannot offer beach views because it is set on top of a volcanic bluff, but the outlook from its west-facing rooms is pleasing.

A stay at any of these hotels in June or July would justify the nine hour flight from London, and British Airways' APEX fare of around £450, provided that a stay of 10 days or so were possible. Such a holiday needs some diversion from the languid pleasures of resort life, and Jamaica is big and strange enough to provide them. Two days, or so, of hired car or taxi would allow you to leave the rich sliver of Jamaica's coast and plunge into its wild and varied interior, up into the temperate woods of the Blue Mountains, to the fringes of the "cockpit country" where maroons—escaped slaves from Jamaica's Spanish era and their descendants — long resisted British rule. There are great, crumbling plantation houses to visit: they have a mournful feel to them as the vegetation re-invades the ordered grounds where slaves once toiled. Their trappings of English country-house life seem pathetically far from home.

The centre of one day-trip must be "Firefly," the place where Noel Coward lived 27 years, died and lies buried. The little hilltop house, still furnished as it was at his death in 1973, has a view along 40 miles of the Jamaican coast that can have few rivals anywhere in the world. The lawns sloping down to his elegant tomb are just right for a modest version of a Glyndebourne picnic.

As the American dollar falls, the attraction to Europeans of a holiday in Jamaica rises. For whatever the woes of the Jamaican economy and the shakiness of its currency, the island's northern coast remains a dollar enclave with hotel prices pegged to those of the American sunbelt. Expressed in cheapening dollars, the off-season prices of the Jamaican summer become affordable for jaded European executives seeking 10 days of memorable self-indulgence.

Which of these smart hotels should you choose? One of the cottages at Roundhill (the hotel is shut in the summer) would be a quiet and beautiful place to read, and play a little tennis. The swimming there is not special. The Half Moon Club is well-equipped for tennis and golf. Its setting is fine but bleak. Among the Ocho Rios hotels, Sans Souci is lively and friendly—a better bet for the younger couple; Plantation Inn has a particularly appealing beach and beach-life.

Jamaica Inn is in a different class and knows it. The service is exceptional, the sweep of groomed beach unmatched for those who wish only to move lazily between sea and sunbed. At night, all Rhode Island and Martha's Vineyard seem to be there, spry beyond their years, foxtrotting through the velvet air under the selective eye of a young owner-manager who wears espadrilles under his tuxedo. There would be an added advantage in sending him your reservation for the off-season: he might just agree to take you in.

● Reservations through Windotel, 01-730 7144.

Nicholas Colchester

After four-wheel drive comes four-wheel steering. **Stuart Marshall** experiences the benefits.

High performance steers clear

THE latest high-performing, all-wheel driven car to arrive in Britain is the Lancia Delta HF 4WD (pictured). This 165-horsepower, turbocharged, twin-cam, two-litre engined, five-door hatchback is not just fast—a claimed maximum of 129 mph (197 km/h)—and accelerative (0-100 km/h in 7.8 seconds) but easy to handle. The power is normally divided 56/44 between front and rear wheels but the advanced transmission varies the split as road conditions demand. It also has a torque-sensing (Torsen) rear differential.

Recently, in the Italian Alps, I tried this tamer version of the Group A car with which Lancia is leading the world rally championship. It made driving on snow-slippery roads seem very easy. At £13,980, it is quite lavishly equipped and appears good value compared with an obvious rival like the Audi 90 quattro, due here in July. The Audi is expected to be priced at well over £18,000 but it will have right-hand drive; at present, the Lancia is available only with LHD.

USING all four wheels to drive a road-going car is a well-established practice growing at such a rate that, by 1992, half-a-million of them will be sold in Europe alone. (Last year, the total was 110,000, nearly twice that of two years before.)

Why has it? Simply to make powerful cars more controllable and safer in the hands of not-very-skilled drivers as well as allowing less-potent cars to climb snow-covered hills or extricate themselves unaided from squelchy car parks at point-to-point meetings.

Four-wheel drive is no longer a novelty; but four-wheel steering is just about to break on the motoring scene.

First with it (to no one's surprise, I am sure) will be the Japanese. Later this year it will be possible to buy a Honda Prelude, or the successor to the present Mazda 626, with conventional front-wheel drive and four-wheel steering. In the fairly near future, although well after the Prelude and new Mazda 626, Mitsubishi will follow with a high-performance car having both four-wheel drive and four-wheel steering.

Who needs four-wheel steering? The same question must have been asked about four-wheel brakes, automatic transmission, interior heaters and seat belts. Yet, motoring today would be unthinkable without them. Four-wheel steering will be sought—indeed, demanded—by motorists who can afford it and who have once tried a car equipped with it. Having experienced the benefits of four-wheel steering on a Honda Prelude, I am firmly persuaded of that.

The operation of four-wheel steering is quite complicated to understand, although its benefits are realised very easily. In fact, the rear wheels, even though they do not turn like the front ones, help to steer any car. Let me explain.

When you steer to the left, the front wheels turn that way, creating through the tyres a force that pushes the front of the car to the left. The car actually pivots about its centre of gravity. As it does so, the rear wheels also change direction. They, too, create a lateral force that pushes the car round—but a split-second after the front wheels have done.

If you can make the rear wheels steer in the same direction as the front ones when the driver turns the wheel slightly, the car's handling response is improved. All four wheels are simultaneously making the car change direction.

As always, there is a snag. Turning all four wheels in the same direction makes a car less manoeuvrable at low speeds because it increases the minimum turning radius. The answer: turn the back wheeels in the opposite direction from the front ones, but only when it is going slowly.

Honda achieves this by making its four-wheel steer system sensitive to the angle through which the steering wheel is turned. Mazda does so with a speed-related system. But it all works out much the same, because to change direction at higher speeds you move the wheel only a few degrees. At low speeds (as when squeezing into a parking bay), you might turn the steering through two or more complete revolutions.

So, at higher speed (or small steering angles) the road wheels turn in the same direction. At low speeds (or large steering angles), they move in opposite directions. If the mechanism fails — it is mechanical in the Honda, electronic in the Mazda—the rear wheels lock in the straight-ahead position.

If all this sounds far too difficult to understand, you need remember only one thing—a four-wheel steering car is nimbler and safer at speed, easier by far to park.

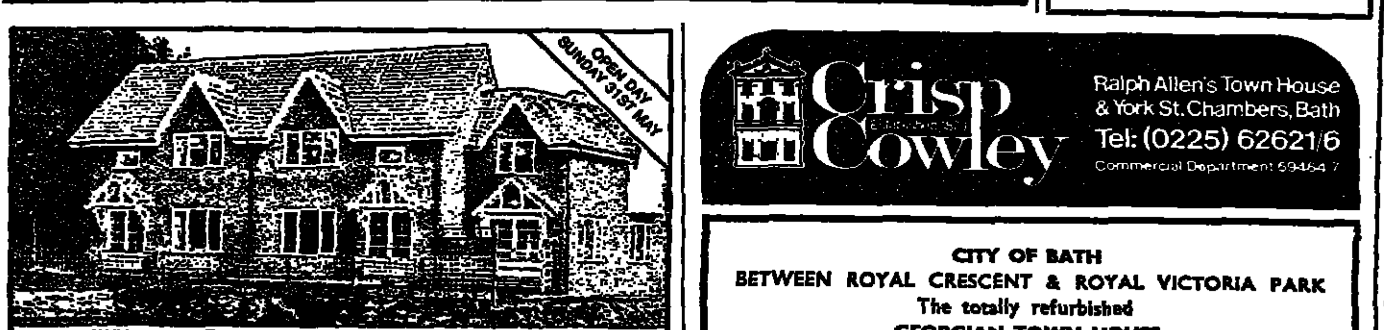
At Honda's new test track near Swindon, west of London, I drove first a normal Prelude, then one with four-wheel steering. There were three obstacles — a lane-change on a fast straight, a very small radius double bend, and a slalom.

Both the lane-change and slalom were negotiable at between six and 10 miles per hour (10-15 km/h) faster in the four-wheel steer car. It took me two bites (and only just) to drive through an exceedingly tight double bend in the four-wheel steer car, but four bites in the normal Prelude.

The fact that the lane-change and slalom were faster is less important than the feeling of added stability in the four-wheel steer car. Normally, when you slalom a car, the tail tends to swing wider and wider with each change of direction until you ease up—or spin off. With four-wheel steer, the rear wheels appeared not to have a mind of their own. They simply did what the front wheels—or, if you like, the driver—wanted them to do.

Four-wheel steer (FWS) will begin as a fairly costly extra, adding £1,000 or more to the price of a car. The FWS Honda Prelude will, it is said, cost about £15,000 when it appears here in the autumn against £12,500 today, but the steering will not by a long way account for all of the increase.

On a smaller, cheaper car, FWS need cost no more than a few hundred pounds.



Peter Gillman explores the Glyders in Wales

A climb to awesome chaos

SNOWDON in the summer is like a bear garden. At Llanberis station, at its foot, tourists form endless queues for the mountain railway which will deposit them at the summit. There, crowds mill around the summit cairn or join fresh queues for the unprepossessing concrete cafe. It is a time to avoid the highest peak in England and Wales; only in winter, when snow and ice give it an entirely different aspect, does it truly belong to walkers and mountaineers.

Do not lose heart. Five miles to the northeast is one of the finest wild walks in Britain. Even in winter you will not have it to yourselves as it is too fine and too well-known a walk. That does not matter; its perspectives and landscapes rival almost anything Scotland can offer, and its grandure will bring the quickening of the spirit that wild walkers desire.

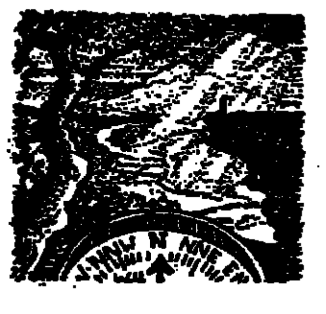
The walk is known as the Glyders. "Glyder" is an adaptation of the Welsh word cludair which means "heap" or "pile." The name gives the first clue to the walk's appeal because the heaps in question are the mysterious piles of boulders to be found on the Glyders' summits, which the ancient shepherds believed to be divine—or even diabolic—burial places.

There are two Glyders: Glyder Fawr—the "large" pile—and Glyder Fach—the "small" one. At 3,279 ft and 3,262 ft respectively, they occupy fifth and sixth places in the height rankings of the Snowdonia peaks. The walk is within the capabilities of any reasonably fit person and can be accomplished without difficulty in six to eight hours; but on anything other than a fine summer's day, basic map-reading and navigational skills are required.

There are many variations of the walk. My favourite begins at the foot of the Braich y Ddeugwm ridge where it meets the A5 three miles west of Capel Curig. The ridge has a satisfyingly firm rock crest that takes you steadily to almost 2,500 ft. It offers a grandstand view of Tryfan, the magnificent isolated peak that rises across the valley to the west.

An alternative start is to combine the walk with the traverse of Tryfan itself, following the twisting path that starts at the foot of Tryfan's north ridge and leads you exhilaratingly through its towers and buttresses to the twin blocks of stone—known as Adam and Eve — that mark its summit. From there you drop steeply down to join the Glyders walk by the eerie lagoon of Llyn Caseg-fraith, perched on the edge of a broad grassy ridge.

My own feeling is that Tryfan is so perfect a mountain that it is worth saving to itself. I have now climbed it five times and have never been dissatisfied, even on the winter's day when we reached the summit in a virtual tornado that threatened to hurl us bodily from our holds.



Walk Wild

Llyn Caseg-fraith is a suitable first stopping point, especially if you have come via the Braich y Ddeugwm ridge. Tryfan is now the rear, foreshortened so that it resembles the prow of a battleship. The way ahead is level at first but then steepens again, with a well-worn path skirting the shattered crags and rock debris.

Gradually Llyn Ogwen comes into view, a fiord-like lake fully 2,000 feet below, set against a glowering backdrop provided by the peaks of the Carnedd range. Despite the drop, nowhere is the path exposed or dangerous. Finally, the angle relents and the ridge gives way to the bleached granite slabs that comprise Glyder Fach's summit plateau.

Now you will see the first of the Welsh shepherds' "heaps": Glyder Fach's summit cairn, built entirely by nature, an unruly tumulus of massive granite blocks. Nearby is the most spectacular feature of all: the Cantilever Slab, a narrow sheet of granite 25 feet long, poised in mid-air above a rock pivot. The boldest walkers pose for photographs by perching at its far end. Although they appear to be tempting fate and gravity, the slab hasn't tipped up yet!

From Glyder Fach the route strikes south-west towards Glyder Fawr. It follows a shattered ridge which is suddenly interrupted by the bizarre crenellations of Castell y Gwynt—the Castle of the Winds. It is one of the secret places that only mountain walkers are privileged to know, a cluster of rocks that appears to block the ridge like a giant's fist.

I have been there on a perfect summer's day, when the air was magically still and the rock warm to the touch; and in the winter, when clouds shrouded the ridge and the Castle assumed a fantastical appearance through the bizarre elongated confections of ice created by the freezing wind.

Although the Castle looks forbidding, there is a safe way past. Glyder Fawr lies half a mile due west, capped by another of the gaunt rock outcrops that so impressed the ancient Welsh. Although this is the highest point of the walk, the view is circumscribed by the breadth of the summit plateau. The upper reaches of Snowdon can be seen to the south-west, its crowds mercifully distant and unheard.

Although the descent to the A5 now begins, there are further delights to come. The route at first heads north-west, following a scree slope that until recently still gave aficionados of the risky pursuit of scree-running — not recommended for the faint-hearted or those with vulnerable ankles or knees—a fair chance to test their skills.

At the foot of the slope is a lonely reed-fringed lake, Llyn Cwn, with a tiny beach ideal for another rest or bathing tired feet. Somewhat disconcertingly, the path now strikes north to the very edge of an intimidating drop. In summer the correct spot is easy to identify; in winter, you must be sure you have found the right place before embarking over the edge.

Do not be anxious: the path takes you down safely enough, and the rewards are rich indeed. Llyn Ogwen is extended before you, with Llyn Idwal and the Carnedds behind. Then the path takes you to the mouth of a black cleft in the mountainside that is jammed full with massive boulders.

Known as Twll Du or the Devil's Kitchen, it inspires wonder at the elemental forces that must have created such awesome chaos. Its effect is to inspire extra care as you pick your way gradually to easier ground.

You can now skirt Llyn Ogwen to the left or right; the right-hand fork has the merit of taking you below the Idwal Slabs, one of the birth-places and training grounds of British rock climbing. Parties of climbers are likely to be festooning its entire length, ropes dangling between them like party streamers.

You may be tempted to try; or you may, like me, have moved on to wild walking after an initiation into the mountains through rock-climbing. I enjoyed the intense exhilaration, spiced with fear and relief, that rock-climbing brought; but reckon that the satisfaction of wild walking lasts longer and runs deeper—especially for the middle aged.

The A5 is now only half an hour away, although once you reach it you have a further two miles to walk back to the start. If you are in a large group you may have worked the two-car trick, leaving one vehicle at the beginning of the walk and another at the end.

If you have to walk back, depute one person to try to hitch a ride while the rest of you wait with your rucksacks. Almost invariably you will find fellow-walkers returning in their cars to give you a lift—allowing you the perfect opportunity to compare the merits of your respective walks.

Tempting gravity: climbers on Cantilever Stone

Gardening

Plants for the no-space age

IT IS easier to grow plants without a garden today than ever before. Clean and lightweight composts are available for window boxes and containers, plastic growing bags can be purchased in various sizes ready filled with compost and require only to be laid flat on any firm surface such as a balcony or courtyard. The variety and availability of suitable plants is great.

For complete success with container growing, a few points must be understood. All peat composts dry out rapidly. It is possible to slow this down by making use of the new soil moisturisers based on polyacrylamide gelling compounds but these have not yet caught on in Britain, are quite hard to find in garden shops and the techniques of using them are not yet fully understood.

For most window box and other container grown plants, old fashioned watering must be relied upon to keep them growing and for many this will mean manual watering by can or hose. In warm summer weather daily watering may be necessary and even when it is cool plants will need to be looked at at least twice a week.

There are various automatic watering systems of varying degrees of complexity but my own experience suggests that the more sophisticated and expensive they are the more likely they are to go wrong. I have rather reluctantly reverted to the simplest device of all, a small tank filled from the mains supply by a controllable drip feed. When full, this siphons into a flexible tube to which drip nozzles can be fitted. It is possible to arrange matters so that there is at least one nozzle for each container, more for the large ones such as window boxes.

About the only thing that is likely to go wrong is that the pipe may get blocked with scum. In warm sunny weather quite a thick growth of almost black algae can form quite quickly on the surface of the water in the storage tank and this causes most of the trouble. This hazard can be almost eliminated by covering the tank with black polythene and so excluding light.

An alternative is to purchase containers with built-in water reservoirs. These are usually in the bottom of the container and water is drawn up into the compost by a wick. The limitation here is the capacity of the reservoir, which must be topped up from time to time, but it should be possible to cut maintenance to once a week and maybe a good deal less.

Another shortcoming of peat based composts is that they are not able to hold large reserves of plant food. Whether one prepares the compost oneself or purchases it ready mixed, it is likely to start running out of nutrients after about six weeks and then more fertiliser must be added. The simplest way to do this is to purchase a liquid or instantly soluable compound fertiliser and add it to the water once a week at the strength advised by the maker.

Hanging baskets can present watering problems. Various devices are available for pumping water up or holding a can aloft on a pole but all these leave one ignorant of the real condition of the compost. So I was pleased to receive, from Barralets of Ealing, an ingenious device, known as the Hi-lo, which enables a basket to be lowered in a jiffy to any convenient level and then be as quickly and easily returned to its display level.

It looks much like a spring loaded metal tape measure and works in a rather similar way. It is attached to whatever support is used for the basket, which is then hooked to the tape, held firmly in place by a cam. By taking the weight of the basket with one hand the cam can be released and the basket lowered quickly to the desired level at which the cam will lock it again. When inspection has been completed the process is reversed and back goes the basket to its original height.

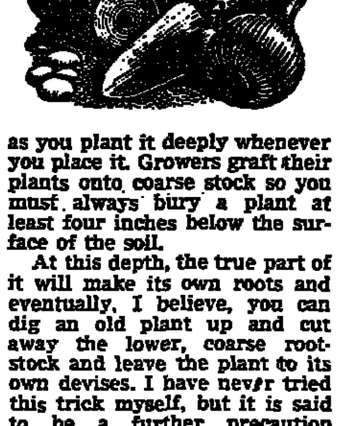
Success with all plants depends as much on choosing the right environment as on providing the right amount of food and moisture. Geraniums of all kinds must have sunshine but impatients will flower almost as well in shade as in sun. Begonias like good light but the tuberous rooted, large flowered, varieties dislike being scorched and so are not for the most exposed, south-facing situations. The trailing campanulas, both blue and white flowered will bloom freely with less light than the trailing lobelia which really does enjoy sunshine. Fuchsias will flower most freely in strong light but will make more growth where there is a little shade. Petunias love sunshine but dislike rain though the Resisto varieties will recover from this more rapidly than most.

The splendid angel's trumpets (datura) are for warm sunny places and they need plenty of headroom since they can easily grow six feet high in a big container. One or two on the sunny side of a courtyard are just the things to give it a subtropical look.

Vines can be grown almost anywhere and are extraordinarily amenable to pruning. A single vine can be allowed to spread over a whole patio or can be confined to a few square feet by cutting it back in winter and then frequently removing the growing tips of shoots during the summer. Vines have lovely leaves and it is fascinating to watch the ripening bunches of fruit though they may not prove as sweet as had been hoped. Ivy will thrive in the shadiest places and both ferns and hostas are good container plants to consider where there is no direct sunshine.

Arthur Hellyer

Plan a peony arcade



I KNOW I ought to be suggesting jobs for June, but I have just seen a planting which extends beyond our particular time and reminds me why we all want to garden in the first place. It concerns the use of peonies. Everybody knows their heavy flowers and most people remember their name, but the prince of the family is less familiar. The ruffled flowers of Moutan Peony look too fragile and refined to be grown haphazardly. It still scares those who know it by sight and if they do try to grow it, they tend to put it in the wrong place. Yet it has been happy in gardens for more than 1,500 years.

Moutan Peonies are the type which nurseries sometimes call Imperial: their leaves are finely-cut and flushed with grey and rose-pink, and their ruffled flowers are loose and often handsomely scented. They have cast an extraordinarily ancient spell. The Chinese were first to succumb and garden historians are adamant that texts as early as the 6th century AD refer to the Moutan Peony in a garden setting.

When the Arabs first swept through Iran and the nobles from East Iranian families fled east as far as China to escape them, the Moutan Peony was flowering serenely at the court of T'Ang China to welcome them. In later Chinese paintings, the Moutan Peony is the flower which symbolises spring. Outsiders tend to mistake its flowers for a chrysanthemum which has gone wrong, but the artists have usually taken great care with its details.

Originally, the wild plant came from Szechwan in west China, but its garden forms soon multiplied and from China it passed to Japan. Japanese breeders improved the clarity and form of the flowers and changed the name from Moutan to Botan. In the late 18th century, the first plants reached England and were planted in Kew Gardens. Since then, eastern varieties have been reaching us in fits and starts.

We hear less about Moutan Peonies since a burst of publicity for the newest Eastern imports in the 1960s. For some reason, gardeners still think that these noble flowers should be isolated in special beds. I have made this mistake and I find that they pass disease more quickly to each other if they are segregated in a border.

In fact, the plants are much less delicate than people think. They do not object to lime; they do not even need to be manured. I find that manure encourages soft growth which is spoiled in a spring frost. These peonies need to make tough, woody stems without any breaks of floppiness. Then, they are totally hardy in the most wretched corner of Britain.

I also find that they can be moved with surprising ease. Most peonies are said to resent disturbance, but the Moutan does not seem to mind so long as you plant it deeply whenever you place it. Growers graft their plants onto coarse stock so you must always bury a plant at least four inches below the surface of the soil.

At this depth, the true part of it will make its own roots and eventually, I believe, you can dig an old plant up and cut away the lower, coarse rootstock and leave the plant to its own devises. I have never tried this trick myself, but it is said to be a further precaution against disease.

I have, however, learnt that the Moutan should not be mulched with its own leaves although it likes to drop them in the growing season. As they decay, they seem to encourage the plant's one deadly enemy, botrytis. In a border of nothing but peonies this hazard is much more evident.

Last week, I saw them used as they prefer: individual Moutans had reached a height and width of about three feet and had fitted themselves at intervals among summer border-plants in a bed which caught the sun quite late in the day. The soil was quite sticky, with a certain amount of clay, but three or four plants stood out in each bed whose high point still lay in the future.

This positioning conforms to the plant's natural home. It took ages for us to rediscover the wild Moutan in China, but when it was found, it was growing happily among a scrub of accompanying undergrowth. By nature, it likes company and the surrounding leaves of other plants to shelter it from a frost in April. It needs much more of a companion than a lily or two: I suspect it would fit admirably among a mixed planting of azaleas and lacecap hydranges.

You see, perhaps, the possibilities. Just now, gardens are poised for a brief hiatus before the full luxuriance of summer, but the Moutan Peony can fill it in individual gaps and spaces. It does not need light, peaty soil which probably helps its fungus-enemy to spread. It simply needs watching, appreciating trimming at any point which starts to die back.

The top peony-specialists are Kelways of Langport, Somerset, some of whose many Moutan varieties you may have seen recently at Chelsea. Most of the forms with French names are good, though the alluring yellow Maxime Cornu does droop badly on too weak a stem. The best varieties, in general, are Japanese because they have stronger flower-stems and a less heavy head of petals.

I have only one final word of warning. Avoid the forms with the word "Jishi" in their name. In Japanese, it means "lion," but in peony breeding, it means a ruffled flower which looks as if it has had a blow-dry. It is not lion-hearted and it makes me wonder how many lions the first peony-growers had seen in Japanese nature.

Robin Lane Fox

The Roman Cotswold Festival opens next week. Gerald Cadogan explains its role in Gloucestershire

Archaeology

Aristocracy of woolly thinkers

GLOUCESTERSHIRE gentry are a Roman invention, thanks to sheep. They lived in well-appointed country houses — villas — that formed the core of the late Roman Cotswolds. In the valley, which are damp and dark in the winter, they enjoyed the luxury of underfloor heating 1,600 years ago. The sheep made Gloucestershire prosper then, as in the Middle Ages and the 18th century.

Next week the Romans are returning in the shape of the Roman Cotswold Festival (June 6-July 5), which will be led by a modern band of legionaires, the Ermine Street Guard. The Festival rightly features Roman wool, the museums of Glevum (Gloucester) and Corinium (Cirencester) also have special exhibitions and there are, of course, the villas to visit.

Sheep matter most because cows needs longer grass, and when the rain stops, the Cotswolds dry quickly, leaving the grass short. So sheep are best, while cows are confined to lusher meadows in the valley bottoms, though cereals grow well on the uplands, providing the slope is not too steep.

The villas were the estate in the 4th century, were supported by very large estates where the sheep grazed. Within a 10-mile radius of Cicencester, for instance, about 20 villas are known now, which means a probable total of about 40 of these dwellings. Divide the area of 200,000 acres by 40, and we have estates of about 5,000 acres a villa. The Georgian country house, with its park and estate, has its ancient equivalent — sometimes even at the same site, like Barnsley Park. (At Roman Barnsley, however, arable farming was important, to judge from the field system round the villa.)

The villase were the estate offices and had workshops in the subsidiary buildings such as a fullery (a place for fulling, or cleaning and thickening cloth) and a smithy at Chedworth (National Trust, off the Fosse Way (A429) between Cirencester and Northleach). They were also the luxurious dwellings of the rich who, as so often since, moved out of town to the country to settle in metropolitan style in pleasant upland valleys. Before gentrification began in the later third century, the Cotswolds would have looked quite different.

What identifies a villa? Like "country house," it is a loose term for a house of substance living off the land and built of stone. What of its roof? Tiles are a sign of a villa. So are wall paintings, the Roman equivalent of hanging pictures.

What was on the floor? The Cotswolds are famous for their Roman mosaics, laid in the villas and mostly made by the Corinium school of mosaicists. Some of the finest are at Chedworth, where the dining room has an octagon mosaic with Satyrs and Maenads and the four seasons. The mosaics from Cirencester town are in the Corinium Museum.

Orpheus, the mythical musician who bewitched the animals with his lyre, was a favourite subject. He gave the Cirencester mosaicists the chance to put leopards and gryphons and elephants on Gloucestershire floors. It is an odd fact that there are more Orpheus floors in Britain than in any other part of the Roman Empire (after Britain comes Cyprus).

The Festival gives a rare chance to see a remarkable full-size replica, made in the late 1970s and not normally on display, of the Woodchester villa's Orpheus floor at the Subscription Rooms in Stroud —"better than the original" I am told—and outside the Cotswolds on the Berkshire Downs the latest—and very fine—Orpheus floor is on display at the Littlecote villa near Hungerford (off the A4192).

Central heating and baths also mark a villa. With hypocausts for hot air beneath the mosaic floors, and flues to duct the air through the walls, the rich Romans set a standard of warm comfort that took centuries to return—if it ever has. At Chedworth, by the early fourth century, verandahs linked the rooms and the wings, which had two sets of baths. Three iron beams have been found that supported the boiler over the furnace, probably made of Forest of Dean iron. The baths are of Turkish steam and sauna types.

Some villas were built over older buildings, as at North Leigh (English Heritage, off the A4095 between Witney and Bladon: mosaics and baths) although many were new foundations. This rich country life probably continued after the Romans evacuated Britain in 410 AD but the transition period from the Roman pattern of the ruling classes in villas to the mediaeval pattern of their being in villages—in manor houses—is difficult to pinpoint.

One clue is that by the time the Romans left, villages were growing up around some villas where a visible change was beginning. There were also separate well-off villages, as at Kingscote, which were the forebears of the mediaeval small towns and villages, whose sheep supported stone-built manors, enormous barns and great "wool" churches like Fairford, Cirencester and Chipping Campden.

In the 18th century the rich returned to villas. The architects who made them were steeped in Roman design and theory, as revived in Palladio's villas on the Brenta and his Quattro Libri. The theory emphasised the need for the man of affairs to have a place in the country, where he could recuperate, and oversee his domain, the produce of which would be stored in the barns behind the grand façades.

Plus ça change. . . . You cannot drive in Gloucestershire without taking a Roman road. Chedworth was found in 1864 when Lord Eldon's gamekeeper dug for a lost ferret and came upon a mosaic floor.

Roman way: mosaic in the Chedworth dining room

William St. Clair notes the bicentennial of 'The Decline and Fall of the Roman Empire'

Celebrating Gibbon's agreeable companion

Author and historian Edward Gibbon (1737-94)

IT WILL soon be the 200th anniversary of the most emotional day in the life of Edward Gibbon. On June 27, 1787, in a summer-house in Lausanne, between 11 and 12 o'clock in the evening, he laid down his pen after completing the last page of The Decline and Fall of the Roman Empire.

His first reaction, strolling round the garden, was a feeling of intense joy at the recovery of his freedom and at the prospect of fame. But soon his mood gave way to melancholy. As he wrote in his autobiography, *he had taken his last* leave of an old agreeable companion, and whatever might be the fate of his Decline and Fall, the life of a historian was short and precarious.

The great work had occupied nearly 23 years of his life. It was on a visit to Rome, as he sat among the ruins of the Capitol listening to the barefooted friars singing vespers, that he had conceived the idea. Originally he intented to write only about the City. Then he enlarged his plan to include the Empire. Eventually his history covered the whole period from the Antonines of the first century to the fall of Constantinople in 1453.

Gibbon was fortunate in his publishers. Cadell and Strahan agreed to pay him a two-thirds share of the profits, an arrangement which gave him a comfortable continuing income. The accounts survive for the first *volume, which was produced in* an edition of 1,000 copies in magnificent quarto. Total production costs were £310, of which over half was for paper. Gibbon's share of the profits came to £326.

A bookseller writing in 1840 calculated that under the system prevailing at that time he would have received only about £200. If he had been on a royalty arrangement there would have been even less.

Gibbon used the money to buy books for his researches. At Lausanne he accumulated over 6,000 carefully selected volumes, every one of which, he assures us, had been read or sifted before it was put on the shelf. He was a thorough man, making careful notes of all his reading.

If Gibbon had had a word processor and a personal computer Decline and Fall might have run on to cover a few *more centuries.*

The last of the six quartos was published on May 8, 1788, Gibbon's 51st birthday. At a literary dinner given in his honour a long poem was recited by William Hayley — who was regarded in the absence of much competition, as the best poet of the time. Gibbon's achievement as a historian was compared to Newton's in science and Shakespeare's in drama. England, the poet declared, now had a rival to Livy and Polybius. The moderns had finally overtaken the ancients. A set-back of over 1000 years had been overcome.

The question every reader wanted to ask was whether it could ever happen again. Was modern Europe destined to follow ancient Rome in a long slide to catastrophe? The decline of Rome, in Gibbon's view, had been the "natural and inevitable effect of immoderate greatness, and prosperity ripened the principle of decay." The same features worried the 18th century. Among Gibbon's books was a presentation copy of Necker's famous book of warning advice to the pre-revolutionary French government on how it should control the public sector borrowing requirement.

If you turn to the last chapter you will not find Gibbon's answer: but he had offered an opinion a few volumes before, while discussing the collapse of the Empire in the West. No, Gibbon concluded reassuringly, barbarians could never again threaten Europe. If by some mischance invaders did succeed in reaching the ocean, "10,000 vessels would carry the remains of civilized society to America." Besides, he declared, Europe was becoming more virtuous as well as technologically more advanced. For example, the recent British voyages to the South Seas had been "inspired by the pure and generous love of science and mankind." (Actually the first convict ships set sail from England before his book was even finished.)

After Gibbon's death the library at Lausanne was sold to the gay millionaire author William Beckford. At less than £1,000 it was a give-away. Switzerland had many advantages, but a coastline was not among them, and the costs of pulling the books back to England overland by horse would have been disproportionate.

Beckford already had deposits of books in several parts of Europe besides his own library at Fonthill and, as he told a friend, he wanted to have something to read when he passed through Lausanne. But Beckford loathed what he found. A few years later he made a present of the whole collection to his physician, Doctor Schöll, who dispersed it.

But we still know what was in it. Sir Geoffrey Keynes, as a tribute to one of his favourite authors, lovingly reconstructed the catalogue from the sale notices and the playing cards, and published the results in a book. It is now fairly easy to trace the sources on which Gibbon drew.

O-level costs: Alex Pollock and Michael Dixon

What price performance?

Education

POLITICIANS ARE expending more words on pledges to improve standards in state schooling than they have done in any election campaign before. All the main parties are agreed that UK schools, which are directly run by local education authorities, must give better value for money.

They are also agreed that schools in every local area need to adopt a standard curriculum of basic subjects to reduce the variances in what children are taught from one part of the country to another. Thereafter, the parties' prescriptions diverge.

The Conservatives and the Social Democrat / Liberal Alliance plan to loosen the controls most local authorities exercise over their schools. Both parties promise to give individual head teachers and governing bodies power to decide how to spend school budgets. The Conservatives go further by pledging to allow those schools popular with parents to opt out of local councils' control and be financed directly from Whitehall in line with their pupil numbers which, if they wished, they could expand.

Labour would evidently leave local education authorities' powers almost intact, while providing extra funds to employ more teachers, provide better books, equipment and school maintenance and the like.

Unfortunately, while all three parties prescribe how they would improve state schools' standards in future, none of them provides a clear indication of what the standards are at present—an omission which hardly helps voters to decide which of the prescriptions offered is most likely to succeed. So, to fill the gap, we have compiled the accompanying table, which ranks the 96 local education authorities in England by a crude measure of cost-effectiveness.

The criterion is: how much does an area spend on secondary schooling for each of its pupils achieving at least five pass grades in the Ordinary-level examinations at 16-plus?

Education statistics are laggardly in appearing, so the costs shown are those of 1984-85; the exam-pass figures are the averages over 1982-85. (*For technically minded readers we have multiplied each authority's cost per secondary-school child by 100, then divided by the percentage of the area's appropriately aged pupils who attained five or more O-level pass grades.*)

In considering the results it is important to bear in mind that an authority's success in keeping down its "cost of five O-levels" figure is by no means dependent on factors within its own or its schools' control. Exam performance is known to vary markedly according to, for example, the proportion of an area's pupils coming from ethnic minorities, and the wealth and class structure of its population. The table makes no allowance for such factors.

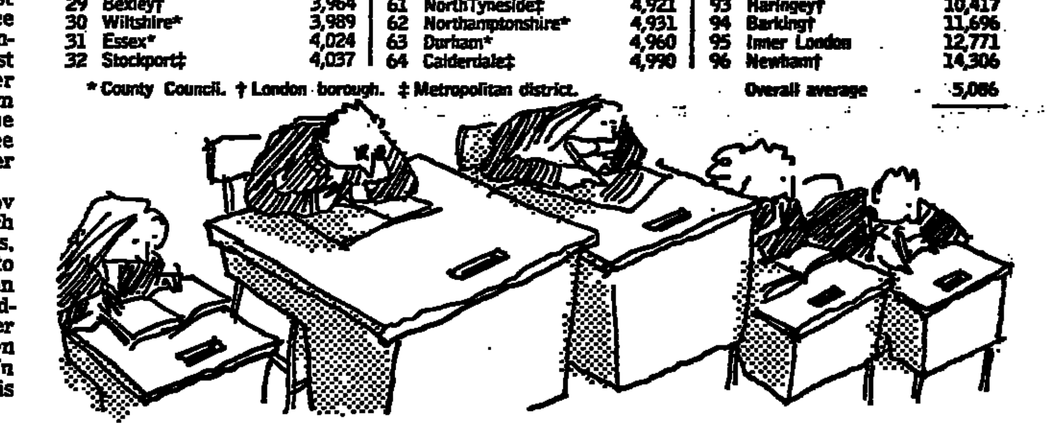
Even so, they cannot account entirely for the differences between the areas. For instance, the London borough of Brent has England's highest proportion of ethnic minority children and the third highest number of pupils receiving free meals because their family's income is low. Yet Brent's cost figure was 45 per cent lower than that of the Newham borough at the bottom of the table, and only about three fifths of the figure for the Inner London Education Authority.

The main question posed by the table is whether, given such wide variances between areas, any party's prescription is up to the task of ensuring an adequately cost-effective standard of education for the 93 per cent of the country's children who attend state schools. In our view at least, the answer is no.

Annual cost in different areas of England of educating one state-school pupil to five ordinary-level pass-grades.

	Local authority	Cost of 5 O's £		Local authority	Cost of 5 O's £		Local authority	Cost of 5 O's £
1	West Sussex*	2,985	33	Kirklees‡	4,078	65	Enfield†	5,063
2	Sutton†	3,102	34	Wirral‡	4,132	66	Rotherham‡	5,272
3	Surrey*	3,164	35	St Helens‡	4,153	67	Hillingdon†	5,417
4	Barnet†	3,198	36	Devon*	4,162	68	Sheffield‡	5,444
5	North Yorkshire*	3,229	37	Bury‡	4,179	69	Oldham‡	5,480
6	Dorset*	3,322	38	Lincolnshire*	4,184	70	Sunderland‡	5,483
7	Buckinghamshire*	3,422	39	Lancashire*	4,209	71	Rochdale‡	5,486
8	Harrow†	3,426	40	Bolton‡	4,212	72	Bradford‡	5,501
9	Sefton‡	3,451	41	Suffolk*	4,338	73	Walsall‡	5,559
10	Kent*	3,454	42	Somerset*	4,369	74	Doncaster‡	5,628
11	Kingston-upon-Thames†	3,486	43	Cleveland*	4,373	75	Gateshead‡	5,675
12	East Sussex*	3,582	44	Dudley‡	4,375	76	Nottinghamshire*	5,698
13	Hertfordshire*	3,600	45	Avon*	4,401	77	Birmingham‡	5,701
14	Trafford‡	3,605	46	Bedfordshire*	4,413	78	Coventry‡	5,841
15	Solihull	3,682	47	Leeds‡	4,437	79	South Tyneside‡	5,845
16	Warwickshire*	3,683	48	Isle of Wight*	4,462	80	Hounslow†	5,896
17	Oxfordshire*	3,709	49	Cumbria*	4,482	81	Salford‡	6,161
18	Cambridgeshire*	3,715	50	Wigan‡	4,484	82	Ealing†	6,204
19	Gloucestershire*	3,757	51	Richmond†	4,492	83	Liverpool‡	6,301
20	Merton†	3,786	52	Derbyshire*	4,539	84	Newcastle‡	6,583
21	Bromley†	3,807	53	Staffordshire*	4,568	85	Wolverhampton†	6,702
22	Hampshire*	3,852	54	Norfolk*	4,682	86	Barnsley‡	6,873
23	Shropshire*	3,867	55	Havering†	4,693	87	Manchester‡	7,278
24	Hereford & Worcs.*	3,891	56	Humberside*	4,702	88	Wakefield‡	7,485
25	Northumberland*	3,894	57	Tameside‡	4,778	89	Brent†	7,874
26	Berkshire*	3,908	58	Leicestershire*	4,785	90	Sandwell‡	8,666
27	Cornwall*	3,948	59	Croydon†	4,843	91	Knowsley‡	9,479
28	Cheshire*	3,954	60	Redbridge†	4,890	92	Waltham Forest†	9,747
29	Bexley†	3,964	61	NorthTyneside‡	4,921	93	Haringey†	10,417
30	Wiltshire*	3,989	62	Northamptonshire*	4,931	94	Barking†	11,696
31	Essex*	4,024	63	Durham*	4,960	95	Inner London	12,771
32	Stockport‡	4,037	64	Calderdale‡	4,990	96	Newham†	14,306
							Overall average	5,086

* County Council. † London borough. ‡ Metropolitan district.



Burghley displays its treasures

IT IS hardly surprising that a house with 240 rooms should produce an unknown masterpiece or two—especially if its previous owners were among the most notable collectors of their day, and its present châtelaine has systematically set about restoring and cataloguing its contents.

Already this year at Burghley House, Stamford, a recently cleaned canvas has been identified by Sir Denis Mahon as Guercino's "Triumph of David." In this year's annual exhibition focusing on one aspect of the Burghley collection, a circular miniature of "A Village Scene" has been discovered, by George Gordon of Sotheby's, to be by a portrait painter who was not known to have painted miniatures—and executed only three landscapes.

This four inch gouache on vellum, dated 1587, bears the monogram of Marcus Gheeraerts the Elder (c 1516-1604), the artist whose portrait of William Cecil, Elizabeth I's great Treasurer, builder of Burghley, hangs in the Pagoda Room. It is the earliest of over 100 works on display in "The Burghley Miniatures," open daily at the house, 11 am-5 pm, until October 4.

Limning, or painting in little, is a peculiarly English art form, unparalleled in Europe and reaching its zenith with Nicholas Hilliard and his pupil Isaac Oliver. It was Cooper, a Hugenot emigre, who on his return from Italy bought limning into the European mainstream, using mathematical perspective and light to suggest space and form. Perhaps his finest large-scale cabinet miniature is at the house, "The Three Brothers Browne with an Unknown Gentleman," (1598). It portrays the Catholic Viscount Montague, who was sent to the Tower in 1605 (his manservant was Guy Fawkes).

But the bulk of the Burghley collection, and its chief glories, are the 17th century miniatures. Of four centuries' worth of Cecil family portraits, one of the most exquisite is Samuel Cooper's Elizabeth Cecil, Countess of Devonshire (1642), informally dressed in rich creamy silk, set against opulent gold and red damask.

She collected many of the early miniatures, which came back to Burghley on the marriage of her daughter, Lady Anne Cavendish, to the 5th Earl of Exeter. Lady Anne appears with her brother William (later the first Duke of Devonshire) and a negro page in Nicholas Dixon's ambitious landscape miniature of 1668, her elaborate hair and collar entwined with pearls.

John Hoskins' astonishingly fresh portrait of about 1640 of a "Boy Singing and Playing the Castanets and Wrist Bells" is another virtuoso piece. This court miniaturist to Charles I is also represented by a sensitive portrait of Queen Henrietta Maria.

The show is not without its oddities, however, such as the landscape composed of hair belonging to Elizabeth, Marchioness of Exeter, and her step-children, or John Salvio's portrait of a lady, formed from minutely written religious texts.

While the exhibition demonstrates that the demand for portable portraits of one's nearest and dearest continued unabated throughout the 18th and 19th centuries, and into our own (here is a cherubic Lady Victoria Leatham, who now lives at Burghley with her family), it also reveals a parallel taste for miniature copies after Old Masters. Peter Oliver's "Venus and Adonis" after the Earl of Arundel's Titian, dated 1631, is an early example (it was originally given by Charles I to Richard Gibson, the court dwarf, himself a competent miniaturist). In contrast, the "Madonna del Prato" after Raphael, in a fine late 17th century filigree frame, is a typical Grand Tour souvenir. Here are Hoskins after Correggio, Nicholas Dixon after Rubens, and a handful of Sybils and artist's self-portraits by the mysterious 19th century artist Sylvia Sterne.

One of the most pleasing gems in this jewel-like collection is another self-portrait, by the bespectacled Luco Giordano. Again, it is the only miniature he is known to have painted, and an intimate record of an artist whose work appears throughout the house.

"Brothers Browne with an Unknown Gentleman" by Isaac Oliver (1560-1617)—signed and dated 1598

In this way the miniatures are a microcosm of the Burghley pictures as well as family history, a reminder that the Grand Tour was not solely an 18th and 19th century phenomenon. John, 5th Earl of Exeter, was one of that rare breed of 17th century Grand Tourists whose shopping lists most essentially differed from their 18th century successors in that they bought and commissioned almost exclusively contemporary works of art. (There had been only one collector of "antiques" at the Elizabethan court, and he was considered decidedly odd.)

The 5th Earl made at least four long journeys through France and Italy—before dying from a surfeit of fruit outside Paris in 1700. Along with his great-grandson Brownlow, the 9th Earl, he was largely responsible for the decoration of Burghley and its magnificent treasures. Its picture collection of predominantly 17th-century Italian paintings would grace any national gallery of art. Here they hang in the handsome neo-Classical interiors created by the 9th Earl who, despite his renovations, kept the glorious *trompe l'oeil* walls and ceilings executed for his great-grandfather by Verrio and Laguerre.

From Verrio's astounding Heaven Room, where hundreds of gods and goddesses weave their way around the columns of a Classical temple, one reaches the smouldering Hell Staircase, where the mouth of Hell is a vast gaping mouth of a cat. What comes as more of a shock is to realise that all this is encased in William Cecil's limestone facade of 1555-87, whose pierced and pinnacled skyline, articulated by spires and cupolas, make it the most fairytale of all Elizabethan "progeny" palaces.

Susan Moore

Design

Swedes admire British style

WHEN ONE of Europe's heavyweight national museums exhibits a bowler hat, a wicker picnic basket and a bicycle, something strange seems afoot.

The curiosity of Stockholm's National museum at which these and many other everyday objects have been on display since April, is a major exhibition of British Craft and Industrial Design from 1851 to present day. Though it contains many predictable examples of craft-based "good design," (from William Morris to Charles Rennie Mackintosh, Eric Ravilious to Gordon Russell) it also shows a more controversial selection of industrial designs, such as electric shavers and Sir Clive Sinclair's pocket television.

Most stimulating of all for the Swedes, who had expected the exhibition catalogue to be the mild sort of document which usually accompanies such affairs, has been a blistering attack on British design for having "retreated to the fringes of post-industrial culture." At a time when UK industrial designers are enjoying a higher profile at home than ever before, this is indeed, a controversial view.

That Sweden should show any interest at all in British design may itself seem curious. It is a full century since we had much influence on Swedish design (through Morris and the Arts and Crafts movement), and in the 1950s and 1990s all the traffic was the other way.

But these days Swedish design sits uncomfortably in the gaudy shadow of Memphis and "post-Modernism," struggling to find a new identity. At the same time, the British Government's much-trumpeted support for industrial design has attracted widespread attention abroad, and the Stockholm exhibition organisers wanted to assess its impact.

The exhibition starts, predictably, with Pugin, Morris and the other Arts and Crafts luminaries, who had a particularly strong influence *on* Swedish fabrics. In ceramics, too, the impact is clearly evident: an 1880s Leeds vase with a lizard coiled around it was directly copied in Sweden just a few years later, and was highly popular.

To enthusiasts of early industrial design, some of the most fascinating pieces are the metalwork by Christopher Dresser and W. A. S. Benson. While Morris and Co were inveighing against the iniquities of industrial production, and trying to put the clock back to the days of medieval crafts, Dresser was displaying a remarkable understanding of manufacturing techniques.

As the catalogue points out, few people realised at the time that craft and mechanical production methods require radically different design criteria. This is what makes Benson, too, so interesting. Though he was a personal friend and close associate of Morris, he nevertheless designed his metalwork almost exclusively for machine production, using base metals and electroplating, or a combination of brass and copper. Benson's behaviour is explained by his youthful education in the ways of machinery by an uncle who was an amateur metal-worker.

As well as featuring many latterday Morrises — craftspeople such as Wendy Ramshaw (jewellery) and Robert Welch (housewares)—the exhibition does considerable justice to today's descendants of Dresser and Benson. Among these are internationally renowned designers such as Collier and Campbell (fabrics), Kenneth Grange (household products), and Nicholas Butler (best known for the famous "Durabeam" flip-top torch designed by his consultancy BIB).

Yet the impact of these modern mass-produced objects

Collier Campbell's (1971) "Bauhaus" fabric exhibit

—much appreciated by the trade-minded Foreign and Commonwealth Office (which helped finance the exhibition)—is qualified by the catalogue's hyper-critical essay on modern British design, written by Stephen Bayley, director of London's new Design Museum.

"Britain has become a hollow culture where design flourishes only on the fringes," complains Bayley. "The modern British designer is self-conscious, self-regarding, self-referential. Their economic contribution is modest, their cultural value slight. Their exact equivalent in irrelevence is the interior decorator, whose cultural influence is growing."

Harsh words indeed, and especially embarrassing for the promoters of the Stockholm exhibition—not only the FCO but also the British Council.

With truly Swedish calm, the translated version of Bayley's attack is accompanied in the *Stockholm* catalogue by a locally - written introduction. This gently points out that Bayley's view is not the official view of things, that one of the nice aspects of Britain is that people dare to criticise the establishment—even if, as with Bayley, it feeds them—and that the quality of the products on display speaks for itself.

Unfortunately, the catalogue is available only in Swedish, so this classic piece of international diplomacy is for local consumption only.

Christopher Lorenz

There's more to suits than dull pinstripes

Lucia van der Post

HOW TO SPEND IT

I DON'T know how this myth has got about that Englishmen are supremely uninterested in their clothes. As soon as word got about that there were professional wardrobe advisors for women and the before and after pictures from last week's Weekend FT were bandied about the office I was inundated with tentative requests from men. "Not for me, of course, but I just wondered is there anybody who would do the same job for men?"

The answer is that yes, there are a few specialist retailers who will take time and trouble with their customers, who would rather send them away with nothing than in the wrong suit, who believe that helping a customer to arrive at a wardrobe that suits him and his life style is the way to please the customer and eventually build a better business. The customer who is really pleased is the one who comes back and back.

First, though, catch your retailer. There's the rub. Finding one you trust, who purveys a look and style you feel happy with, isn't easy. There are lots of good clothes about, it's finding them, putting them together, making them work that's the problem.

Two specialist shops, Paul Smith of 43/44 Floral Street, London WC2, and Malcolm Levene of 14/15 Chiltern Street, London W1, have built up a band of customers who go back and back, confident that their tastes are known, their idiosyncracies and life-styles catered for and, above all, that the eye that edits the clothes is confident and all of a piece. Both shops have the sort of client list that is a name-dropper's dream — at Paul Smith they range from the design-orientated brigade like the distinguished architect Norman Foster, to the Beatles to Stanley Marcus of Neiman-Marcus. At Malcolm Levene, the names may be slightly less glossy but the worlds are just as interesting—they come from the media, from the City, from the professions.

Both have been known to get some kit together at almost a minute's notice for a customer on his way to a vital meeting, both are expert at easing a chap gently into a slightly more interesting, but still appropriate, form of dress.

We took two guinea-pigs along to Paul Smith and one to Malcolm Levene, to see just what some new-style dressing could do for them. For the results, read on . . .

DAVID CRICHTON-MILLER is a 23-year-old analyst with investment bankers Morgan Stanley. He joined Morgan Stanley straight from Cambridge and immediately had to set about acquiring the sort of wardrobe he'd never needed before. From a uniform consisting almost entirely of jeans and chinos, T-shirts and tracksuits he had, almost overnight, to acquire the city kit. He did what many a young man did that year—he went to Next for Men, attracted by its confident air, its reassuring aura of decisions taken for you, and bought a couple of suits and lots of shirts to get him started.

Since then, a few pay rises later, he'd been wondering if he should invest in a better suit and if so, which. He'd always been attracted by the image of Paul Smith but hadn't felt confident enough to spend that kind of money without expert help. This was his chance.

David is about 5 ft 9 in and Paul Smith felt that he probably wouldn't look good in some of his more adventurous cloths. In theory, double-breasted jackets weren't for him — in practice a *double*-breasted suit with a long and wide bespoke-looking lapel and a two-button wrap suited him much the best. The fabric was a beautiful fine dark grey worsted and with it Paul Smith added brown bench-made Oxfords ("so much less predictable than black"), a shirt of soft Sea Island cotton with fine stripes of red, yellow, green and blue and a dark navy silk tie with a purple spot.

David didn't look transformed but he did look a lot smarter and a lot more important. He said he had never felt so comfortable or so at ease in a suit (so much so that in spite of its £440 price tag he bought it).

David Crichton-Miller: from post-graduate to Big Bang

The quality of the fabric was outstanding ("We have customers," says Paul Smith, "who just come in to stroke the suits") and is all part of the great ethos of comfort coming first.

He believes in roomy jackets, trousers with soft pleats and his shirts are cut with a fuller body, wider armhole, soft collars ("it looks so much more relaxed") and are finished with lovely mother-of-pearl buttons.

"My customers," says Paul Smith, "are confident people who like a lived-in, comfortable look rather than a cardboard mass-produced image."

David himself was completely won-over by the clothes—he had never before dreamed of paying that kind of money for a suit but having tried it on and felt the comfort and the quality of the fabric, he could see the value of it. The brown Oxfords at £69 a time and the Sea Island cotton shirts at £49 will have to wait a while.

PERRY COYSH is in his early thirties and is a barrister's clerk. He is, to put it politely, considerably heavier than he thinks is good for him and he usually finds shopping a hateful experience.

"So many shops don't offer any real help. They tell you how great you look in everything and one just knows that isn't true. I've wanted to get some help for a long time but didn't know where to go. I've got about three suits that fit me but I need to look smarter."

I decided to put him in the hands of Malcolm Levene who runs a shop under his own name at 13/15 Chiltern Street, London W1, which is much patronised by some of the best dressers I know.

Perry arrived obligingly wearing his shabbiest suit and in dire need of a haircut. Malcolm Levene took to him at once, thought his weight no problem at all as it seemed part of his attractive personality —but, oh, the clothes. Those, Malcolm felt, had to go.

"He should start by stopping worrying about being large— big people can look good and we all have to come to terms with what we are and not try and pretend to be somebody different.

"He should wear much more flattering trousers — with a higher waist (ie trousers that sat on his waist instead of under his stomach) and soft, gentle pleats he would not only be more comfortable, they would give him a longer leg length and take the eye away from the stomach.

"He should never wear clothes that are too tight—his shirt is too tight and it looks very uncomfortable. He should wear a very good belt to tuck himself in and with fuller trousers the whole silhouette will be much more flattering.

"His jacket at the moment is too narrow on the shoulders and he should make sure it fits better. Vents at the moment don't seem to flatter him either. He's young and has an attractive personality so I think he should wear much livelier fabrics.

"The shoes, I'm afraid, are just plain ugly, they look as if they don't fit. He should go for much classier shoes, look after them better (buy shoe-trees to preserve them) and have a few pairs so he can give them a rest from time to time. I think he should spend at least £80 or £90 on his shoes—a leather-lined shoe will keep its looks almost forever.

As for the tie—it was lovely tie but it has too many stains. It is unacceptable to have stains on the tie—it takes away from your credibility. It looks as if you don't care about that, so what else is there that you can't be bothered about?"

Malcolm Levene finally put Perry in a double-breasted suit (the double-breasted bit worried Perry to begin with but it seemed right for him and made him look much more important) made from a pure wool navy-blue and light grey very fine check, known as Pick 'n Pick. At £298, this was not very much more than Perry had been spending on his suits but it looked a whole lot better.

There were plenty of shirts that worked with the suit, each offering a slightly different look. Plain white looked smart and businesslike, blue and white fine striped more dashing, very pale pink most debonair of all. They were £39 each. The next accessory, but a vital one, was shoes—Chestnut Oxfords, hand-lasted, leather-lined, at £118 finished off the look.

Just the hair remained to be done—it looked too long, too out-of-date, too shoapeless, A shorter, sharper cut from Steven at Jason's of 35 Chiltern Street, London W1 and Perry looked not only younger, more interesting and more lively but infinitely more together.

He was happy with the all the looks, bought every single item except the shoes (he baulked at the price) but above all was delighted to discover a shop where being large wasn't seen as a problem—simply as part of the person he is.

Perry Coysh: goodbye rumples, hello new image

ANTONY THORNCROFT is a writer on Arts subjects on the FT and he was not looking for a new image at all. He was perfectly happy dressing in his own "cheap, cheerful, disposable outfits" but I was quite amused by the idea of seeing if Paul Smith could turn him into potential top boardroom material. A Captain of Industry, that sort of thing.

Tony arrived wearing a crumpled check cotton suit, an open-necked shirt and a sweat-shirt on top of that. You'd have been hard put to place him — a successful film producer dressing down? A laid-back photographer? A bookie?

When I explained my mission, Paul Smith looked out one of his most beautiful suits of all — a 100s (extra light) quality pure wool worsted in grey with very, very fine stripes in blue, yellow and red. This is a favourite Paul Smith device to lend interest to what is potentially a uniform — he chooses a fabric that looks quite neutral at a distance but when *you look closer is filled with* detail and interest.

Tony is quite tall and has quite a presence so he could take the double-breasted jacket. With it went a Sea Island cotton shirt in dark grey and white stripes (£49), a silk and cashmere tie with a grey and red Paisley pattern (£54). On his feet went the famous brown Oxfords and an altogether more expensively-dressed Tony emerged for the photographs.

Tony loved the suit. "It felt beautiful, rather like a cocoon. Just wearing it undoubtedly inspired great confidence and gave me no little detachment from other people. I still can't accept that men, particularly in the City, must wear suits—I think it suppresses character to have to wear a uniform. In this suit the fabric was made more interesting by pale stripes of different colours but you had to get very close to appreciate the subtlety. I don't like to worry about clothes so I go for cheap, cheerful, disposable outfits that I can spill things down without too much worry.

"But I love the idea of a £400 suit; this brief experience confirmed for me that you can hide behind smart clothes. If I dared to invest in expensive clothes I would go for Paul Smith's cloths but perhaps look for a more individualistic design."

Tony Thorncroft: from cheap and cheerful to too smart by half

Back here at the ranch we all agreed that clothes do not entirely make the man. With the suit that wasn't really "him" Tony had put on an extraordinary smile that wasn't really "him"—he looked about as convincing as a straight insider dealer. In his rumpled cotton suit he was the Tony we knew and loved — in his smart new suit he looked ill-at-ease, a con-man pretending to be something he wasn't.

We tried another tack—we got Paul Smith to find him a casual outfit that was a more together version of Tony's own style. Much, much better. Tony himself felt so much happier that he came happily away with the denim jacket, £69 poorer.

The ultimate claret tasting

Wine

IN THE last 15 years Ch Pétrus has become the most celebrated claret in the world. Every ambitious American wine buff must have it represented in his temperature-controlled cellar.

This first-growth Pomerol has taken the place of that other right bank first-growth a generation or so ago, Cheval-Blanc. Beginning with the famous '21, and continuing with a series of remarkable vintages into the 1930s and 1940s, this exceptionally full-bodied, almost sweet St Emilion achieved a unique reputation.

The *réclame* of Pétrus is much more recent. Internationally, it began only after the Second World War, with the '47 vintage. It was always an excellent wine, and the Belgians — above all the amateurs of Pomerol — were buying and bottling it regularly between the wars, as evidenced today in Sotheby's wine auction lists.

In Britain it remained almost unknown, although in the late 1890s the Wine Society was offering the '93 at 31 shillings a dozen. It was really "discovered" here with the leading '49 vintage. Two Bristol wine firms had it imported in cask. In 1959 I was able to buy the '52 for no more than 12s 6d a bottle and the château-bottled '55 for 24s 2d.

Yet demand — and trade price— only began to swell when, in the mid-1990s, American buyers became a powerful influence in the Bordeaux market; as late as 1973 I was able to buy the '66 for less than a Lafite or Mouton-Rothschild of the same year. But Pétrus really became established with the '61. In 1985, in the London saleroom, it reached a record price of £9,000 a case.

What has created Pétrus's exceptional reputation? First, it is grown on an exceptional clay ridge that originates in the adjoining St. Emilion. 95 per cent made from the Merlot grape, it is a rich, full-bodied wine with great concentration of aroma and flavour. Second, from a mere 11½ ha, there is very little of it: about 4,000 cases in a good year, compared with over 20,000 for Lafite and 16,000 for Latour. Third, it has become unfortunately an "investment wine," although its opening ex-château price has remained in line with the other firsts.

Thanks to the generosity of Jean-Pierre and Christian Moueix over many years, I have been able to enjoy some bottles from almost every vintage. Accordingly I was delighted to accept an invitation to take part in a "vertical" tasting of 23 vintages, from 1926 to 1946, organised by the Club Vinophile de Conseil France, held in the Paris Chamber of Commerce's Ecole d'Alimentation on the Left Bank.

The 36 tasters, mostly French, with seven British, were divided into two "juries," each tasting 21 wines. As there were only single bottles of nine vintages, they included the '29, '49, '62 and '64, not every wine was sampled by everyone. For example, I did not taste the '49 or the '54. The wines were tasted blind, mostly in batches of six, with the older wines first and the youngest last.

However interesting to the amateur, it cannot be suggested that such a tasting can provide any "final" or even authoritative grading of quality; it is impossible to be certain how the older vintages (collected comparatively recently, some of them "from over the oceans") had been kept over many years. The '28, for example, reputedly a fine Pétrus, was distinctly decayed.

Chateau Pétrus: vintages to envy

Also the older wines, decanted in batches, tended to tire in the necessarily rather small quantities available to each taster. I asked for and obtained further samples of three vintages, and they certainly smelled and tasted different. Nevertheless, overall the results were impressive for one château's wines.

Voting was on points out of 100: with 10 points allocated for brilliance and colour, 30 for the quality of the bouquet and 50 for the flavour, typicity and general balance and harmony. The juries' top six were, in descending order, the '61, the '75, the '62, '64, '59 and '58.

My personal order of preference was somewhat different. My top wine was the '58; by no means generally a successful year, although a few very good wines were made. I was evidently not entirely alone — it appeared sixth on the final list. With a lovely, concentrated, vanilla nose, and a fruity, elegant flavour, I could not fault it.

My second, the '48 was generally less popular, but I found it rich, powerful, deep in colour and "old Pomerol at its best."

My third was the even less accorded '45, one of the great Pétrus's: "rich old, complete Pomerol." After the '61 came the '64, not one of my favourite Pétrus years, and then the '62, which certainly was, in the days when I possessed a few.

My following sequence was: '66, '59, '47. This last was one of the most famous of Pétrus vintages, but, like most of its contemporaries, it is now showing its age. I had the sedimentary end of a decanter, but I still marked it as a rich "typical old Pomerol, distinctly sweet."

I was only surprised that on the final list, and on my own, the '52 came lower than the '58. I was also surprised that '75 came second on the complete rating.

However, such variations in views add to the fun and spice of such tastings. This one was a fascinating exercise, for which M Michel Henin of the Club Vinophile deserves the thanks for collecting the bottles, and M Jacques Luxey for first-rate organisation of the tasting.

Edmund Penning-Rowsell

Malcolm Rutherford on those who also served, stood and waited

Inner circle

PRIME MINISTER: THE CONDUCT OF POLICY UNDER HAROLD WILSON AND JAMES CALLAGHAN
by Bernard Donoughue
Jonathan Cape. £10.95.
198 pages

THERE IS a lot to be said for the view that much of what has happened in Britain under Margaret Thatcher was initially attempted, and indeed made possible, by her predecessor, James Callaghan.

As Prime Minister, Callaghan helped her in two ways. By the agreement with the International Monetary Fund in 1976 he showed that it was possible to bring public expenditure under control and for the economy as a whole to begin to benefit therefrom. Then he went on to throw it away by insisting that the best next step forward was through dependence on the trade unions and an incomes policy. When the unions rebelled in the winter of discontent in 1978-79, the Conservative victory in the forthcoming general election became a foregone conclusion.

Since Callaghan was seen to have been so decisively wrong about the unions, it was relatively easy for Thatcher to introduce reforms of the law affecting industrial relations—perhaps still her greatest single achievement. For the rest, however, both have a great deal in common and it may be that, had it not been for the circumstances of the time and the state of the Labour Party, Callaghan would have been the better Prime Minister.

Thatcher was lucky in being preceded by Callaghan. He was unlucky in being preceded by Wilson—not the Wilson of the early 1960s who promised so much and seemed capable of delivering, but the tired Wilson who did not expect to win the general election of February 1974, almost went into hiding when the results were coming out, did not know what to do with the victory and was bent on retiring as soon as he decently could.

The Wilson cabinet of 1974 is described here as "in terms of ability and experience perhaps the most impressive in Britain in this century." It included Callaghan, Jenkins, Healey, Crosland and Castle. Yet the most revealing part of the book is the description of Wilson's disinclination to do anything. He told the author: "I have been around this racetrack so often that I cannot generate any more enthusiasm for jumping any more hurdles."

When economic problems loomed, as they did, it was a question of sitting back and waiting until the seriousness of the situation became unmistakably apparent to ministerial colleagues; only then might painful action be taken. The Treasury, according to the author, had the same attitude.

After reading this book and Callaghan's recent memoirs, the last lingering suspicions that Wilson resigned for some mysterious reason should be removed. He went because he was fed up and doubted his own competence any longer to do the job.

On the face of it, there was little reason to assume that Callaghan would perform any better: he had great experience of office, but as Chancellor, Home and the Foreign Secretary had never been a conspicuous success. Yet he did.

Marcia Falkender and Bernard Donoughue in the era of Harold Wilson

Bernard (now Lord) Donoughue was head of the Policy Unit at No 10 Downing Street under both Prime Ministers. His book is about the machinery of government—or lack of it—as he saw it.

Callaghan scored over Wilson because he sought to bring all members of the Cabinet into discussions of economic policy. That was particularly important with regard to the IMF agreement because failure would have led to the government's downfall, whereas success led to a period of considerable stability. Not least, a second Treasury Minister in the form of the Chief Secretary (the minister responsible for the allocation of public expenditure) was brought into the Cabinet in order to give the Treasury more weight. One of the key cabinet reforms of recent years, it has survived.

There were other new departures. Callaghan had a much less suspicious approach towards departmental ministers than Wilson. He thought that the Prime Minister should be able to stand back and think and seek to concentrate on reforms in particular areas. He was also more conscious of the concerns of the potential Labour voter than of the Labour Party activists.

One example was education. His attempt to open a national debate on the subject in a speech at Ruskin College, Oxford in 1977, is described by Donoughue as what became the "Whitehall blueprint" for Sir Keith Joseph under Thatcher. At the time, hardly anyone listened, and almost 10 years were lost. There were similar attempts to open up the housing market and to challenge the restrictive practices of some of the professions, some of which the Conservative Government is still catching up with.

The biggest change of all, however, came with the acceptance of the IMF agreement, for it began the shift of resources from the public to the private sector which has become the essence of Thatcherism. Donoughue writes: "Had the Prime Minister accepted the original IMF proposals, there would not have been much more for Mrs Thatcher to do on the public sector front."

In the end perhaps Callaghan was bound to fail because of his persistent faith in the unions and their inability to deliver his incomes policy. There is also the fact that, to Wilson's discredit more than his, the Labour Party had become stuck in the past and had drifted away from the bulk of the electorate. In Labour Party terms, he was ahead of his time and thus paved the way for Thatcher.

He probably knew it. It was a truism in the Policy Unit that whoever won the 1978-79 election would be bound to float through the next on the oil revenues. Towards the close of the campaign, he told the author:

> There are times, perhaps once every 30 years, when there is a sea-change in politics. It then does not matter what you say or what you do. There is a shift in what the public wants and it approves of. I suspect that there is now such a sea-change—and it is for Mrs Thatcher.

Meanwhile, under different membership, the Policy Unit survives: a useful aid to the Prime Minister, but not enough to ensure that all good ideas see the light of day or are put into practice. The story of the book is that, under the British system, practically all reforms are late in coming.

Fiction

Problem daughter

THE NATIVE
by David Plante. Chatto & Windus. £9.95. 122 pages.

WITCHCRAFT
by Nigel Williams. Faber & Faber. £10.95. 390 pages.

DON SALINO'S WIFE
by Patrice Chaplin. Duckworth. £10.95. 190 pages.

THE SETTLEMENT
by Russell Haley. Hodder & Stoughton. £10.95. 177 pages.

THE GARDEN OF THE VILLA MOLINI
by Rose Tremain. Hamish Hamilton. £9.95. 153 pages

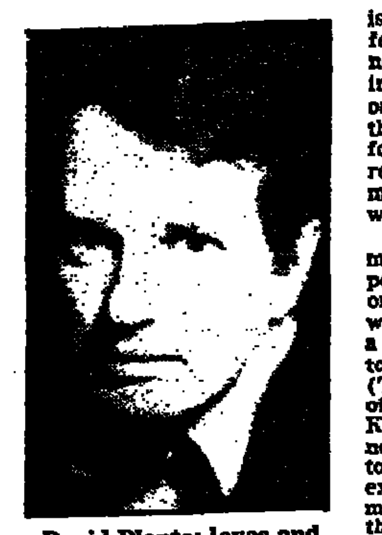
THE DINNER PARTY
by Howard Fast. Hodder & Stoughton. £10.95. 250 pages

IN THE gloomy and sometimes doubtless cantankerous context of those who see fiction in decline, David Plante writes the sort of novels one would like to see more of. They are well constructed, passionate and truthful.

In The Native he returns to the subject of his trilogy The Francoeur Family; but this is totally self-contained. It opens with a brilliant and movingly perceived account of the attempted suicide of a man's daughter: his rage at her hysteria and his frustrated love for her. He is intimately and horrifyingly involved with her (Francoeur) family: the now wilted mother-in-law who stands for the old half-mystical Catholic past, the modern "emancipated" wife, herself divided hopelessly between the two, unable to reconcile them.

It is all a great deal more subtle than this, and David Plante in this terse narrative does ample justice to the subtlety. The Native ends on a note of bleak hope, its Gothic modified by a fine intelligence. A first-class book, whose qualities will I hope be widely recognised.

Nigel Williams' Witchcraft is an able light fiction centred on a young novelist and television writer's quest for the truth about an unpleasant Puritan of the Civil War period who prosecuted his own wife for witchcraft and watched her hang. Might the history of the 17th century have to be re-written?



David Plante: loves and loyalties

The young woman with whom the protagonist pursues his research threatens to ruin his marriage and even his life. This is very well done, and there really are connections between the historical research and the current events. But this novel, though funny, remains inexorably nearer to light than to serious (or truly comic) fiction; and the humour (including a character called Derwent Mate) is on the predictable side. Still, it will undoubtedly be enjoyed, and there is nothing here to suggest that its author shouldn't go on to deeper things.

Patrice Chaplin has accumulated an expertise in the writing of macabre humorous novels. She is sharp and sophisticated in her observation of the details of behaviour. Don Salino's Wife is about a Hollywood director who is making a film about terrorism in Spain, he is doing it because he wants to continue to dominate his glamorous film-star wife. She is in love with the terrorist Don Jose Salino: her husband uses her to to discover more intimate facts for his picture.

This is an admirable exposé of empty and useless lives, and I cannot quite tell why it does not itself possess more sense of energy, except that Ms Chaplin's language is dead and her use of it uninspired. As it is, this sounds more like a perfect outline for an excellent novel than an excellent novel in itself. The painter Degas once complained to Mallarmé that he had such good ideas for poems . . . Mallarmé reminded him that poems were made, not with ideas, but with words.

Russell Haley, an Englishman who emigrated to the Antipodes in 1961, and who is now one of New Zealand's leading writers of fiction, has written a taut study of a man confined to a sinister Convalescent Home (The Settlement) during a time of civil war. It isn't at all in Kafka's lucidly serene style, but nonetheless its debt to him (and to Dino Buzzati) is a little excessive. It is again rather too much a model of a good thing than that thing itself, but readable and intelligent despite that.

The short stories of The Garden of the Villa Molini are not "mature writing of the highest calibre" (I shall unrepentantly keep up my campaign against silly publishers' blurbs, because they may put good authors into an embarrassing position), a phrase that might, however, fairly be applied to the works of the author of The Garden of the Finzi Continis. But they are highly professional, ingenious and knowing about how to respond to matters of high culture. They are also often genuinely witty. They are ultimately pap, in my view; but pap very pleasantly glossed over.

If the mantle of Upton Sinclair fell effortlessly upon the shoulders of any author then it fell on those of Howard Fast, who is also 'E. V. Cunningham.' Now aged 73, he has written well over 60 books. He is not a major writer, but he is a very efficient if uneven one who is more interesting than he gets credit for (doubtless because he won a Stalin Peace Prize).

The Dinner Party is the laconic but steamy account of one day in the life of Senator Richard Cromwell. It is, as the New York Times put it of an earlier novel by Howard Fast, 'an absolute page-turner.' I could not wait to reach the last, this being one of the more uneven ones.

Martin Seymour-Smith

Alannah Hopkin on a militant and masterful Irish heroine

Sligo sister

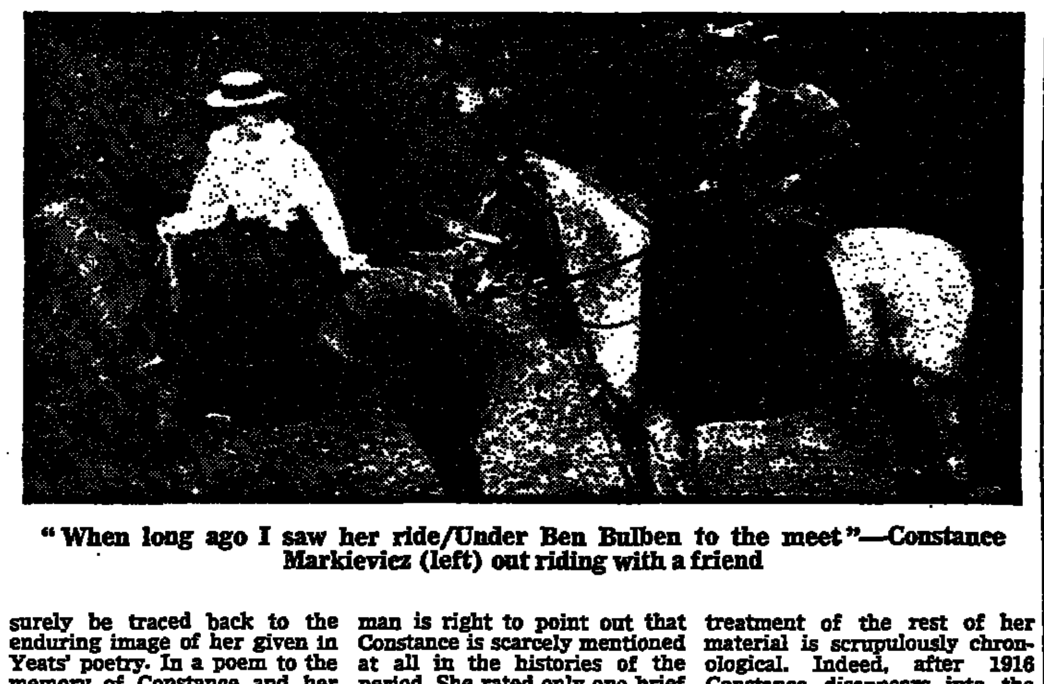
TERRIBLE BEAUTY: A LIFE OF CONSTANCE MARKIEVICZ
by Diana Norman.
Hodder & Stoughton. £14.95,
320 pages

CONSTANCE MARKIEVICZ was born into the Irish Ascendancy Constance Gore-Booth, and married a Polish count. At the age of 48 she took up arms to fight for Irish Independence, and was condemned to death along with other leaders of the 1916 rebellion. Her death sentence was commuted on the grounds of her sex. In 1918, while still in prison, she became the first woman to be elected to the British parliament. She never took up her seat, as it was against Sinn Fein policy, but in 1919 she became the world's first female Minister of Labour in the Dáil Eireann. When she died in 1927 at the age of 59, the people of Dublin gave her a heroine's funeral, and about 100,000 of them paid their respects to her by filing past her coffin.

It is reasonable to expect that such a figure would be honoured in the memory of the Irish people today. This is not alas, the case, as anyone who has visited her decaying family home, Lissadell in county Sligo, will have noticed.

Because her name is associated with the poet Yeats, she is often confused in people's minds with another famous beauty, Maud Gonne, the actress (and activist) who inspired some of Yeats' greatest love poetry. He wrote of Constance in Easter 1916 (whose famous refrain "A terrible beauty is born" has been most insensitively plundered for the title of this book): "That woman's days were spent/In ignorant good-will/Her nights in argument/Until her voice grew shrill."

The idea of Constance as a histrionic do-gooder who merely made a show of herself by putting on britches to fight alongside "the rebel boys," and never achieved anything much, can surely be traced back to the enduring image of her given in Yeats' poetry. In a poem to the memory of Constance and her sister Eva, her wasted, misguided (as he saw it) life inspired the great lines "The innocent and the beautiful/Have no enemy but time."



"When long ago I saw her ride/Under Ben Bulben to the meet"—Constance Markievicz (left) out riding with a friend

Diana Norman sees a more commonplace reason for Constance's exclusion from the mainstream of Irish history. She suggests, in an apologetic display of orthodox feminism, that it is part of a wider process in which the achievements of women who "challenged the accepted idea of their time as to what women could and should do" are denigrated by the judgments of male-dominated history. In Constance's Irish context the process is intensified because she was "a woman with a foreign title, an English-born Protestant-born Irish Catholic socialist revolutionary."

Whatever the reasons, Norman is right to point out that Constance is scarcely mentioned at all in the histories of the period. She rated only one brief mention in four standard histories on my bookshelf. The material presented here certainly confirms that the full significance of her contributions to the labour movement, the nationalist cause and the feminist cause have yet to be given their due.

The trouble with this attempt to instate Constance in her rightful place in Irish history is that it gives us too much history and not enough Constance. There seems to be little personal documentary material available on Constance. She was not a great one for writing or talking about herself. A few photographs would have been a great help. So would a greater respect for chronology in the story of Constance's life. This is a strange lapse because Diana Norman's treatment of the rest of her material is scrupulously chronological. Indeed, after 1916 Constance disappears into the background while the intricacies of Irish politics take centre stage. Pages and pages go by with no mention of Constance at all. Telling details, like the fact that after being elected an MP, Constance insisted, on her release from prison, on going to Westminster to inspect her coatpeg, are quickly thrown away between one exposition of post-rebellion Irish politics and another.

Such shortcomings are a great pity, as Constance is an excellent subject for a biography, and Ms. Norman, when not carried away by politics, writes very well. A portrait emerges of a woman who was warm, spontaneous, funny, energetic, independent, aware of her own short-comings and totally committed to improving the lot of the poor.

Observing Britain now

BEFORE THE OIL RAN OUT
by Ian Jack. Secker and Warburg. £9.95 271 pages

AS A LIFELONG daily-paper journalist I have always been a bit snobbish about "the Sundays." Often I have gone so far as to ignore them altogether, declaring sententiously that my time would be better spent reading a good book.

And lo! Here is a good book, composed almost entirely of pieces reprinted from the Sunday Times. Perhaps it is intended to make me and others like me repent of our snobbery. If so, the author is much too modest and polite to say so. Devoted to the memory of his humanist, anti-clerical father, Ian Jack refers with implied contempt to clerics who explain that "Hell represents the penalty and the pain of loss, the *poena damni*, rather than the pain of the senses, the *poena sensus.*" But such precisely is the punishment he inflicts on me: the realisation that by not reading him on Sunday all these years I have missed a great deal of pleasure; perhaps also a greater awareness of my own country and what was happening to it.

Mr Jack's subtitle is "Britain 1977-86." His publishers, if not he, must have been tempted to write "Thatcher's Britain." Only two of the pieces were written before 1979, both about overseas offshoots of British society—White Rhodesia and the Falkland Islands—which could be seen as prefiguring aspects of Thatcherism. One other, written in India in 1984, is a critical account of David Lean's manipulation of Indian landscape and culture, as well as Forster's text, in making the film A Passage to India: it would be a bit hard to blame Mrs Thatcher for that. But all the rest deal with life on these islands under her government, and together they make up an unflattering, not to say depressing, portrait.

The author does not tell us directly what he himself thinks of Mrs Thatcher, and it would certainly be wrong to assume he endorses the crude judgments ("She's a murderess, that woman.") that he reports from such people as Max the scavenger on Bidston Moss rubbish tip, Birkenhead. One can safely assume, however, that he does not much care for her. His interest in and sympathy for those who are losing out in contemporary Britain chime ill with her brisk exhortations and shrill triumphalism; and it is clear he finds it difficult, to say the least, to share her optimism about the direction of change.

Nor does he conceal his distaste for the manners and customs of those sections of society which are conspicuously prospering—for instance the inhabitants of the Cotswolds "where the usual idea of an animated evening seems to consist of a supper shared in an hotel dining-room by two couples who talk interminably about an absent third couple called John and Sarah who have just bought an old farmhouse near Stow but may split up and move separately back to London. Sarah keeping the BMW." Or the Glaswegian "aspirer" ("Meet Roddy, Fergus and Diarmid in Gertrude's wine bar. Discuss scheme to open print shop in disused railway signal cabin"). Or the London yuppies who "have very pretty homes in pastel shades, where dado rails have been painstakingly restored and fireplaces, bought from shops with names like Amazing Grates, put back. This and the mortgage payments have left their owners with very little money. Often a stereo is their most striking piece of furniture; very rarely there are books."

Yet "Thatcher's Britain" would make the book sound like a polemical tract, which it is not. Mr Jack is well aware that the decline of Britain as a great manufacturing power dates from long before Mrs Thatcher and that her policies are at least an attempt — albeit an insensitive and probably misconceived one — to do something about it. He is more concerned to lament than to blame, and more concerned to describe than to do either. In some of his pieces he openly emulates writers of an earlier generation — Orwell, Priestley, even the poet MacNeice — who explored neglected areas of British society. He belongs in fact to a tradition that goes back to Cobbett and even Defoe—and his sharp eyes, ears and wit make him well worthy of it.

For those who wish to keep abreast of future work by the way, the place to look for Mr Jack's apercus is no longer the Sunday Times but the Observer.

Edward Mortimer

Wandering woman

ENDS OF THE WORLD
by Cecily Mackworth. Carcanet. £9.95, 188 pages.

CECILY MACKWORTH has written not so much a personal memoir, since she is reticent about her private life, as a celebration of travel in France, Spain, the Middle East and North Africa, and of cities she knew before they were engulfed by war or transformed in the time-warp of memory.

In her solitary explorations, she is the best kind of traveller, undeterred by discomfort, indifferent to danger, insatiably curious, absorbing the sights, sounds and smells of foreign places through her very pores. She can also be engagingly gregarious, and provides a brilliantly-lit portrait gallery of various writer and artist friends, beginning with Henry Miller (she has a marvellous photograph of him, circa 1933, looking more like Art Buchwald than the future sage of Big Sur), Lawrence Durrell and Alfred Perlès, Julian Trevelyan, Dylan Thomas, René and Ernest Gimpel, Nancy Cunard, Nathalie Sarraute, and others.

The earliest of these encounters took place when she was a young girl in Paris in the late 1930s, but already it was clear that one world was coming to an end. With the fall of France, she joined the great tide of refugees moving slowly south, and here she vividly recaptures the numbing chaos of that experience:

> . . . Someone calls "Nurse! Nurse!" because I am still wearing the uniform the Red Cross gave me when I was helping at Austerlitz station with the refugees from Belgium and the north . . . I am helpless and ignorant, a cheat in this disguise. If there was only a bandage, or just a clean handkerchief, I might try tying up a wound, but there is nothing. Once I poured eau-de-cologne into a red, smelly hole. It made me feel useful.

After further adventures, she managed to cross the Pyrenees into Spain, then on to Lisbon, and finally London, where she worked for a time for the Free French. When the war ended, she moved back to Paris and immersed herself in a literary career, writing studies of Villon and Mallarmé and working on a novel. Her observations of life among the surrealists and existentialists of postwar St Germain-des-Près provide some comic touches.

But the itch to travel was still strong. A publisher's commission enabled her to book a third-class passage by sea to Haifa, for a study of Palestine in the last days of the British mandate. It was a dangerous time to be there, and recollected dangers give a sharpened edge to her account of meetings with Jewish kibbutz dwellers and sabras, with Arab sheikhs and their followers, and with British troops grown brutal from boredom and fear in their unenviable job of trying to keep the peace.

Her most unusual expedition began after she had been given a book called Dans l'ombre chaude de l'Islam. She was at once attracted by its author, Isabelle Eberhardt, and by clever detective work, gradually retraced her strange career, from her birth in Geneva as daughter of the Russian ex-wife of a Tsarist General and an eccentric Orthodox priest called Trophimovsky, to her later wanderings, dressed as a man in Arab costume and drawn by a fevered mystical vision of Islam.

Following in her heroine's footsteps, Cecily Mackworth brilliantly evokes the spirit of place, of which a final brief extract may serve to convey the flavour:

> . . . In the twilight, another oasis, with a half-finished Mission church, where a solitary White Father in Arab dress walks slowly, with the same patient, unquestioning look I have been seeing in the eyes of the Muslims. "The South has eaten him," says a green-burnoused Arab companion of my route, and the two converse unhurriedly while a negro boy brings mint tea, thick and sticky with sugar.

Erik de Mauny

Michael Donne on a new life of Whittle

Triumphant jet take-off

WHITTLE: THE TRUE STORY
by John Golley. Airlife Publications. £14.95, 272 pages

FEW INVENTIONS have had so far-reaching an impact upon human life as the jet engine. Today, we take it for granted, and there are millions who cannot conceive of life without it. More than 1bn or so individuals fly throughout the world every year, mostly in jet-powered airliners, and in itself that phenomenon has generated profound social, economic and political changes in our lives.

It is easy to say, as some have done, that if Frank Whittle had not invented the jet engine, someone else would have done so. That is probably true, for even while he was working under conditions of extreme physical and financial difficulty in the years immediately before the Second World War, others had similar ideas, notably a German, Hans von Ohain. In fact, the Germans very nearly beat the British with a serviceable jet-fighter, perhaps because they took their native engineering genius a little more seriously.

But, to be fair, once the RAF had become aware—after much initial doubt — of the significance of what Whittle was doing, it gave him at least some of the support he needed, and it then became the problem of convincing the Civil Service and the aircraft industry. That was just as difficult, not only because of scepticism, even hostility, but also because of incompetence and self-seeking on the part of some who were in their own right already famous names. Even some years after the war, it was possible to find some who still could not take in the fact that the entire concept of aviation was changing all round them as a result of Whittle's work.

The story has a familiar ring, for there have been other unhonoured prophets before Whittle, struggling to convince a hostile world that what they were doing was right. No major advances in the history of mankind have been easily achieved, and the story of the jet engine is no different. The bones of the story are well known, for Whittle has written of it himself. This latest account, however, adds much more detail, and is thus fascinating as well as invaluable. It is a tale of courage in the face of difficulties that at times even threatened to defeat Whittle.

But, in the end, he was triumphant, and the honours flowed in. Whittle himself, now nearly 80, has survived long enough to enjoy the fruits of his invention, and for the world openly to recognise that in him it was blessed with one of the greatest engineers of all time.

هكذا من الأصل

Arthur Jacobs visits the Kirov Opera in Leningrad

More bear than rare

THERE ARE two good reasons for sampling opera at the Kirov Theatre in Leningrad: it is one of the most beautiful opera-houses in the world, and its opera company will perform this summer at Covent Garden. Internationally it is with ballet that the Kirov has established itself, but during a typical Leningrad season the Kirov's ballet performances are outnumbered by the operatic. Known in Tsarist times as the Maryinsky Theatre, it has a distinguished history embracing the first performance of Verdi's *La forza del destino* (1862) as well as important Russian premieres.

The exterior of the building, in Theatre Square opposite the Conservatory of Music, is unprepossessing—unlike the Bolshoi Theatre in Moscow. But once within, the eye is enchanted by a harmony of shapes and colours. White and gilt adorn the walls, classical figures dance on the ceiling against a blue sky. The stalls, of separate blue-cushioned chairs with backs of polished wood, suggest a private court theatre of a bygone era. The intimacy of the whole belies a capacity of 1,800. Excellent refreshment facilities and the provision of opera synopses in English add to the visitor's pleasure.

In the current repertory, the older Russian and modern Soviet works are joined by such Western classics as *Lucia di Lammermoor* and *Lohengrin;* next season a new production of *Don Giovanni* will celebrate that opera's bicentenary. The operas are sung in Russian, and a performance of *La Traviata* showed an evident care to articulate the sense of the words. But other Verdian virtues were harder to find. An over-loud and unrefined orchestral prelude introduced a Violetta who phrased badly and an Alfredo of throttled voice and frequently off-pitched notes. Yet more surprising, perhaps, was the feeble chorus (feeble in both number and quality) and the tame dancing at Flora's party: the "gipsies" tapped soundless tambourines, leaving the orchestral percussionist to fill in. Happily Vladimir Chernov manifested a sturdy, even-toned baritone and a positive presence as the elder Germont, and eventually the emotional vigour of the action made itself felt.

For the lack of musical authority one would be tempted to place responsibility with the conductor, Robert Lyuter — save for the fact that, with a long-term repertory such as the *Kirov cultivates, one* never knows how much prior rehearsal has been granted to a particular evening's conductor. The programme reveals that this production dates from as far back as 1944. That may be held to explain its shabby appearance and dull acting, but leaves the question of why such a major showplace of Soviet musical art is apparently so poorly resourced.

It is reassuring to learn that the three operas to be given in London are all of them new productions from the last couple of years — Chaikovsky's *Yevgeny Onegin* and *The Queen of Spades,* and Musorgsky's *Boris Godunov* — and all to be given under the Kirov's well-known chief conductor, Yuri Temirkanov.

In Russian national classics, the British visitor and even the British music critic expects a lesson in authoritative style. But not much of that was provided in Leningrad by the Kirov presentation of Musorgsky's *Khovanshchina*—once again in a production of ancient vintage (1960). The historical narrative of political plotting and counter-plotting was delivered with clear projection but little in the way of sustained, long-spanning vocal line. The resulting impact was no match for the magni*ficent Soviet film of the opera,* and hardly indeed for London's own Royal Opera performances in the past.

In the role of Prince Ivan Khovansky, whose intrigues give rise to the title of the work, Igor Naboloshnikov tended to push upwards to the note. Neither the Shaklovity nor the Golitsyn was strong enough to round out the character, and Yury Zhikalov made Prince Andrey Khovansky staid and middle-aged instead of young and ardent. An honorable exception was *Nikolay Okhnotnikov's* performance as Dosifey, the leader of the Old Believers' sect: here was something of the classically imposing delivery associated with Russian basses. Yevgeniya Gorokhovskaya had a similar command (save for a few of the lowest notes) in the sympathetic role of Marfa.

Painted scenery gave a very peculiar perspective of the Kremlin, which appeared to be on a hill hundreds of feet above *the Moscow River. Yet, though* so quaintly old-fashioned by Western notions of opera design, this series of romantically-coloured settings achieved a pictorial power of its own, sustained through the opera until an undoubtedly impressive scene of self-immolation of the candle-bearing Old Believers. That final image may be allowed to efface my earlier disappointment in the poor handling of Ivan Khovansky's assassination and in the dreary dance performed to Musorgsky's "Persian" music.

The score itself, left incomplete by the composer, was given in the Shostakovich orchestration, unfolded under the firm musical direction of Vadim Kalentiev. The triumphant arrival of the young Peter the Great was thrillingly signalled with the help of about 30 extra brass instruments on stage. It is an effect which I would have said could never be paralleled under British theatrical conditions if the English National Opera in the new *Lady Macbeth of Mtsensk* (again Shostakovich!) had not proved me wrong.

The performance had begun, as invariably, at 7.30. It was 11.30 before it was over, an hour when the full audience disgorges itself into Leningrad's buses and trams and apparently only the taxi-bound face a long wait.

Scene from Musorgsky's "Khovanshchina"

Detail from "Our Ladies Flowers," by Beatrice Parsons

Country garden cult

The Earthly Paradise is the ninth in a series of exhibitions at the Christopher Wood Gallery (until June 20) of paintings and watercolours of late Victorian and Edwardian gardens, flowers and summer landscapes. The first was staged in 1978 and neatly pinpointed the revival of interest in this genre, being four years after the seminal exhibition *The Destruction of the Country House* (which was the first I initiated on becoming Director of the V & A), and a year before another major pace-setter, *The Garden.*

It was a period marked by an obsession with the country's heritage, its preservation, restoration, even re-creation. The cult of the country house slowly ascended to its apogee on a wave of patriotic nostalgia fed by economic gloom and the realisation of a glory gone for ever. It was nurtured by the re-discovery of the countryside by the intelligentsia which manifested itself in everything from home-baking to flower sprigged wallpaper, from the demand for organically grown produce to the vast expansion of the National Trust into a multi-million pound empire. It was a retreat into the national past on a vast scale in the interests of a security of mind in uncertain times.

History will, I believe, condemn this excessive swing of the pendulum, which was stultifying to forward creativity and formulated a future in which most of the country was to be preserved in aspic. One can hardly blame Mrs Thatcher for castigating us for becoming a museum society.

All this may seem rather a long way off from a demure and entrancing exhibition of paintings of country house gardens from about 1890 to 1914, but the continuing demand for these visions of lost beauty is one aspect of this movement.

The garden is a potent image, for it is in its way an image of England. From 1890 to 1914 the country house garden became the subject for the painter's brush recording what was essentially a search for Englishness — what we would describe by the kitsch expression "olde worlde."

These little pictures depict ancient yew hedges, long outgrown their original design but still clipped into vast sprawling sculptures shapes; gracious lawns are glimpsed dappled with sunlight; roses are every*where, every shade of pink,* yellow, peach and cream, proud and tall as standards, carpeting flowerbeds as bushes, cascading in garlands along ropes or clambering over arches and pergolas. The herbaceous borders are breathtaking in their utter perfect profusion, spilling out over the lawns and paths in a kalaidescope of colour.

And in these horticultural glories we always sense — or *actually glimpse — the great* house. Into them, to reinforce a sense of a mythical historical continuum, the artists insert figures in clothes of earlier ages. Gentlemen in eighteenth century dress, for instance, stand on the turf of Berkeley Castle contemplating a garden which they would have taken an axe to.

In these flowery tableaux we see late Victorian and *Edwardian England looking* back for reassurance to the past. Englishness is seen in terms of a revival of the formal garden, overlaid with lush planting in the Jekyll manner. This, in turn, brings me back to our own times.

We are interested in these pictures as well because they satisfy the same urge in us. They encapsulate a golden age before the deluge of 1914. The desire to create these pictures is not so dissimilar from the urge 70 years later to collect and buy them. Both are concerned with imaginary national identities through garden style.

In retrospect, and in a broader sense, it may be that there is a connection in the history of ideas between the country house and garden cult, with its overtones of a lost world of privilege and social hierarchy, and the advent of a prolonged period of Conservative rule. The desire to preserve and protect historic houses and gardens was initially a manifestation of Socialist cultural policy but, like design, it seems to have been highjacked by the Conservative Party. The National Trust could naughtily be seen as an ideological branch of new Toryism propagating, for instance, an anodyne view of country house life in the past. If few people can live like that anymore at least the millions who visit these places can be taught to "see" them in a certain way and, by implication, be drawn into the ideology.

I seem to have wandered far away from this exhibition which stirs such thoughts and speculations. But someone soon will begin to ponder in depth on the ramifications of our relationship to that jargon word of the seventies, heritage. Already we are beginning to get an historic distance, into which we can place a whole series of personalities and events from the foundation of the National Heritage Memorial Fund to the fate of Mentmore. I sense that we are reaching the close of that phase, and a new dialogue about the past and its role in our national identity is about to begin.

Roy Strong

Mary Postgate reviews spoken word cassettes

Tales from the theatre

WITH FLAMING June upon us, I was delighted to listen to *Stratford's Shakespeare—From Garrick to The Royal Shakespeare Company,* a single cassette from Soundfact (WHC 009) with reminiscences from Dame Peggy Ashcroft, Sir Anthony Quayle *et al* about summers spent at Stratford. Ian Holm tells the story of the actors and managers who turned Stratford from a sleepy market town to the major theatrical centre it now is, tying up all sorts of loose ends of information one has accumulated over the years.

Continuity was the great gift that Mr Flower the brewer gave to Shakespearean production at Stratford when he initiated the first Memorial Theatre in the 1870s—its shell now houses the Swan Theatre. Fabia Drake, who was a Stratford leading lady in the 1930s, has the last word on playwright and place: "I think to play his parts, his golden girls, on the banks of the Avon, is an experience which cannot be repeated anywhere else." And she speaks with the voice of love. *Stratford-on-Avon is for* enthusiasts; this is a cassette for them.

Soundfast's second cassette for theatre-lovers is *The Id Vic—The Story of a Theatre* (WHC 007) which traces the history of that unique theatre from respectable Royal Coburg in 1818, through hard-drinking music-hall, to the days of the formidable Miss Lilian Baylis and her shoe-string productions of Shakespeare. Robert Hardy and Judi Dench narrate and there is a passage of Miss Baylis's own recorded voice, but it is Sir John Gielgud's vastly entertaining memories that lift this cassette on to its special level: one splendid institution gossiping about another.

Also from Soundfact comes a rousing potted history, *Scotland's History and Heritage* (WHC 008) narrated by Gordon Jackson, with all the heart-breaking names of battles and massacres, plus the pipes and "The Flowers of the Forest"—and *Orient-Express* (WHC 010), the story of luxury train travel told by Anthony Quayle and Prunella Scales. Edward VII loved to travel on the Express; so did Edward VIII. Mata Hari used it. Sir Basil Zaharoff, the armaments king who was said to have made a golden sovereign for every one of the 10m men who fell in the First World War, met the love of his life aboard it. Calouste Gulbenkian escaped from Constantinople in it, disguised as a poor man in a badly-cut suit, with his wife and infant son, Nubar. From forgotten sidings and museums, it rose Phoenix-like in May 1982 to open the London Venice route of the Venice-Simplon Express. This entertaining cassette is a vivid invitation to extravagance.

Most of us, however, will be sticking to the car. Perfect company for a long drive is Cover to Cover's *Barchester Towers,* Anthony Trollope's cathedral-city novel of 1857, read unabridged (14 cassettes, 19 hours' listening) by Timothy West in superb form. "In the writing of Barchester Towers," wrote Trollope later, "I took great delight." He wrote most of it in railway carriages and thought it might be read for "perhaps a quarter of a century." He never lived in a cathedral town, "except London," much less a Close, but the imaginary world of Barchester assumes a life of its own, never better realised than in this sumptuous reading.

Two 2-cassette sets from Argo will also give a lot of pleasure. Arnold Bennett's *Anna of the Five Towns* (SAY Series 418 150-4) was published in 1902, and his social comment was more like a broadsword. Set in the Potteries and smelling of the narrowest kind of Wesleyan Methodism, this is a charmless but totally gripping tale (abridged) much enhanced by Peter Jeffrey's sympathetic use of local accents. The set is all too short at 2½ hours.

The second set from Argo is a selection of three stories from the evergreen *Innocence of Father Brown* (pub. 1910: SAY Series 418 054-4): *The Blue Cross* is a tale of Flambeau, master-criminal but no match *for the little parish priest from* Essex; *The Flying Stars* is ingenious and *The Secret Garden,* set in France, is very gory. G. K. Chesterton has never lost his appeal as a story-teller, and his slightly precious, slightly donnish charm comes across well in Nigel Hawthorn's reading. A further set of these entitled *The Three Tools of Death* is promised for mid June.

An unusual treasure for quiet listening has appeared from Pavilion Records; *Thomas Hardy and Music* (THE 587) celebrates the novelists life-long love of music. His novels and poems constantly refer to it, and these passages read by the BBC's Margaret Howard and Bryan Matcham, together with excerpts from the *Life* written by Florance Hardy but thought to have been largely dictated by Hardy himself, alternate with the hymns, anthems and songs they refer to, with some of the old tunes Hardy himself would have played as a young village violinist. *"The New Mellstock Band"* performs, directed by Roger Bliss, with the Cunningham Singers, and the whole delightful thing was devised and narrated by Bernard Palmer.

Finally, a story aimed at the 12-plus group turns out to be first-rate listening for grown-ups as well: Robert Westall's *The Machine Gunners* (Cover to Cover Cassettes CC/034) is about the Second World War. A teen-age boy in the North-east of England illegally salvages a German machine gun, robbing the dead pilot as he sits in his crashed plane, and with his friends he makes an emplacement covering the mouth of a major river. Wartime England is hauntingly recalled and the bitter-sweet story is a real cliff-hanger. It is outstandingly well read, unabridged, by James Bolam, on four cassettes lasting just over five hours. Not a story, I think, for the very youngest members of the family.

★

Soundfact Ltd, 36 Wrentham Avenue, London NW10 3HA. Cover to Cover Cassettes Ltd, Dene House, Lockeridge, Marlborough, Wiltshire SN8 4EQ. Tel: 067 286 495. Argo Spoken Word, Decca Classics, PO Box 2JH, 52-54 Maddox Street, London W1A 2JT. Pavilion Records Ltd, Sparrows Green, Wadhurst, East Sussex.

A look at Runciman

There is something terrifying about television's voracious appetite for time, money and, above all, talent. Tens, often hundreds, of thousands of pounds are spent: months, often years, of ingenuity are devoted; new artists of great sensitivity can even be discovered — and all only to entertain us for an hour, if we just happen to have stayed at home that evening and pressed the right button on our set.

A case in point is Lydia Carras's exquisite study of the life and work of Sir Steven Runciman, *Bridge to the East,* which is showing tomorrow night on Channel 4. This director's particular talent—already seen last year in her documentary on St Catherine's monastery on Mount Sinai — is for bringing alive the past, specifically the history of Eastern Christendom, by recording with equal affection its architectural and human legacies (helped by the unchanging beauty of the East Mediterranean landscape) and overlaying a deftly understated soundtrack of music and *spoken commentary.*

In *Bridge to the East* the technique is particularly successful because the commentary is provided by Sir Steven himself, surely one of our greatest historians. We see him first in his Scottish baronial home, then in a boat on the Bosporus, then wandering from Hagia Sophia to the Blue Mosque, lamenting the while that the *Crusades, which set out to save* Eastern Christendom, ended up destroying it—" one of the last, most disastrous of the barbarian invasions;" and finally in the ethereal setting of Mistra, the most purely Byzantine city of mainland Greece, which, in a touchingly appropriate tribute, has named one of its streets after him.

A film like this, which can *not only win new readers for* Sir Steven's books but add a new dimension of pleasure for those who already know them, raises one's estimation of television as an art form and thereby increases one's frustration at its ephemeral nature. It surely deserves a "shelf life" at least equivalent to that of a feature film or a coffee-table book. Before long, perhaps, such products will be marketed primarily as videos, and their TV screening seen primarily as useful publicity rather than a once-for-all chance to see them.

Edward Mortimer

New era for CDs

WHILE demand so comfortably exceeded supply, it seemed highly unlikely that the retail price of compact discs would fall significantly. The cost of CD players has halved in the four years since the format was launched in Britain, but the discs themselves have stayed around the £10 mark, with relatively small discounts offered in some stores.

But now the Polygram group has launched the first mid-price CDs; Philips, Decca and Deutsche Grammophon have each released 20 titles, in the first instalment of what promises to be a prolonged and (*for the* record buyer) rewarding strategy.

Although some small independent labels have already marketed discs in the same price band, the Polygram initiative opens the field much wider. Many of the recordings transferred to the medium date back to the 1960s and 1970s, good-quality analogue recordings which have been digitally remastered for the series.

In all the discs I've sampled, the *residual tape noise* has been minimal, often lower than on other analogue transfers still selling at full price. Even if the initial range of the releases is cautious, rather reminiscent of the first CD releases in 1983, the amount of material potentially available for re-issue is vast and exciting: Polygram's policy appears to have been to ensure the maximum amount of music on each disc, so that many of the compilations play for more than one hour.

On each label there are discs which are much more than worthwhile budget alternatives to glossier, full price recordings. In DG's Galleria series the return of part of Von Karajan's Beethoven cycle from the 1970s contains what is arguably one of the best versions of the Ninth made in recent years (415 832-2), as well as Barenboim's fine account of Saint-Saëns' Third Symphony with the Paris Orchestra (415 847-2).

Sviatoslav Richter's performance of Chaikovsky's First Piano Concerto (419 068-2), urgent and spontaneous, is combined with equally pungent accounts of six Rakhmaninov preludes, while Maurizio Pollini's 1980 Brahms First Concerto with the Vienna Philharmonic under Karl Böhm (419 470-2) may not sweep all other before it, but remains fine and imposing.

All three labels have their collections of popular orchestral showpieces; DG has a Ravel disc complete with *Bolero,* as well as a Mussorgsky *Pictures* and Rimsky *Sheherazade.* But Abbado's *Rite of Spring* and 1919 Suite from *The Firebird* (415 854-2) offers fine value.

In Philips Silver Line Classics selection, Bernard Haitink's version of *The Rite of Spring* is also reissued, coupled with *Petrushka* (420 521-2), in weighty accounts which some may prefer to Abbado's leaner, brighter Stravinsky. The Philips batch also brings back Haitink's Mahler 4 (420 350-2), as well as his recording of Beethoven's Emperor Concerto with Alfred Brendel as soloist and now generously combined with the Choral Fantasy (420 347-2).

One imagines that the success of these initial discs will result in the remainder of the Mahler symphonies and Beethoven piano concerto cycles being reissued also, both of which will become attractive alternatives *to the full-price* versions available at present.

Not only are the discs unashamedly mainstream, they also concentrate on orchestral repertory. There is no chamber music, and little piano so far, though Philips does include Brendel's highly respected versions of Schubert's B flat Piano Sonata and Wanderer Fantasy (420 644-2), as well as a compilation of Arrau's Chopin that contains the third Ballade, Barcarolle and F minor Fantasie (420 655-2).

Also to be recommended at this price from Philips are Haitink's *Also sprach Zarathustra* and *Don Juan* (420 521-2), Colin Davis's 1967 Mozart Requiem (420 353-2) and the same conductor's Sibelius 2, even if that is predictably coupled with *Finlandia, Valse triste* and *The Swan of Tuonela* (420 490-2).

Decca's selection on its Ovation label has much the same blend: Georg Solti's first Mahler 1 (417 701-2), and two concertos (the second and fifth) from his Beethoven cycle with Vladimir Ashkenazy (417 703-2); Ashkenazy's earlier account of Brahms' B flat Piano Concerto with Zubin Mehta and the London Symphony (417 710-2) and his Rakhmaninov Second Piano Concerto with the Paganini Rhapsody from the cycle recorded with André Previn and the LSO in the early 1970s.

A selection from Peter Hurford's complete Bach organ music (417 711-2), and three Haydn symphonies from Antal Dorati's cycle with the Philharmonia Hungarica both point to further releases; once the Polygram back catalogue *is* opened up to mid-price transfers there is an enormous reservoir of material which could soon be made available.

Andrew Clements

SOLUTION TO PROBLEM No. 673

Chess No. 673. 1 B-QR7, P-B3; 2 N-N6, K-K6; 3 N-QB4 ch, K-B6; 4 N-Q2 mate.

Berlin's birthday

Radio

RADIO 4 gave much of Monday evening to Berlin for a 750th birthday present. Jack Higgins, in *The Island City,* was nostalgic. Look, the Reichstag escaped destruction! The Olympic Stadium (where Jesse Owens "set up a record") was so big it suggested the Nuremburg rallies. "When I look at the wall, I think of a novel of mine." Checkpoint Charlie ("makes you think of a thriller by John le Carré") was praised by an American policeman. *Mayor Diepgens recounted his* problems—traffic, the closed market, unemployment. Marlene Dietrich in an American movie song hardly illustrated West Berlin culture, though.

William Rushton was to tell us about the U-bahn and the S-bahn, but was more comic than informative. They were better covered in Max Easterman's *The Price of Peace,* about East Berlin. He spoke with bishops, guides, citizens, Herr *Honecker. They gave him facts,* not thoughts, though some facts were thought-begotten, like the fact that all the visiting entertainers for the birthay (including Shakin' Stevens) had come to promote peace. Mayor Diepgens had said there was increasing co-operation between the two Berlins, but there seems little hope that West Berlin's unemployed can take the S-bahn to fill the million job vacancies in East.

The Other Side, by *Monika* Jung, was sentimental rather than socially significant. It explores the impact that a West Berlin girl (Jackie Smith-Wood) and an East Berlin girl (Alison Steadman) have on one another when they meet in East Berlin. *Plenty of Berlin* atmosphere; indeed it began with some graffiti Jack Higgins had noted on the West side of the Wall. Marianne concludes that *no new generation can put right* what an older generation has spoilt for them. Philip Martin directed a good performance.

On Radio 4 on Tuesday, Einar Schleef's *A Sea of Peace* gave a sharper idea of East Berlin life. Middle-aged Mother (Pat Heywood) works eight hours a day before starting the house-work. Dad (Geoffrey Hutchings), unwell and bad-tempered, stays at home watching television. The programmes come from the Federal Republic. They are his only check on what day it is. Domestic unease explodes when Dad smashes the furniture and hits his wife. But they are soon reconciled—not noticing that a symbolic flood of water is engulfing their home. I thought this play stirring in a characteristic modern German way. Jeremy Mortimer directed.

Radio 3 marked Laurence Olivier's 80th birthday last week with a Peter Barnes monologue, *No End to Dreaming.* Olivier played an 88-year-old Polish-American-Jew from Krakow, a dealer in ladies' underwear. When Nathan Yavok was young he had a persistent dream that if he went to a particular spot in Vienna he would find a hidden treasure. He only found a policeman. They got on well and the policeman told his own dream. In a particular house in Krakow . . . Nathan's, of course, the treasure was there, Nathan became prosperous. It was a charming tale, perfectly told, directed by Ian Cotterell.

B. A. Young

WEEKEND FT

• SPORT •

Motor Racing: On the eve of the Monaco Grand Prix, **Nicholas Keith** profiles Britain's world championship contender

Nigel Mansell: the man behind the mannered mask

NIGEL MANSELL is the model of a modern major sporting hero. He is cool, calm, dedicated and almost always self-possessed. Superficially he seems to embody the belief of those who maintain that sport today lacks "characters." On a personal level he may not yet compare with British motor racing legends such as Stirling Moss, Mike Hawthorn, Jim Clark, Graham Hill, Jackie Stewart and James Hunt.

Comparisons are odious, but he may still be likened to Clark and Stewart. All three men will be remembered for their steely determination: Clark's was cloaked in shyness, Stewart's in shrewdness and Mansell's in studiousness. "You never stop learning," he says. "So I hope to get better."

When you meet Mansell he is a study in brown rather than scarlet. His lack of outward colour is marked by careful control, even down to his humour. Indeed, he is a picture of a technician, which he once was at Lucas Aerospace where he became production manager on fuels for the multi-role combat aircraft, the RB211

But behind the mannered mask there seems to be a colourful character struggling to get out. This may not happen unless and until he wins the world championship. For Mansell, as for all top sportsmen, coming second means losing.

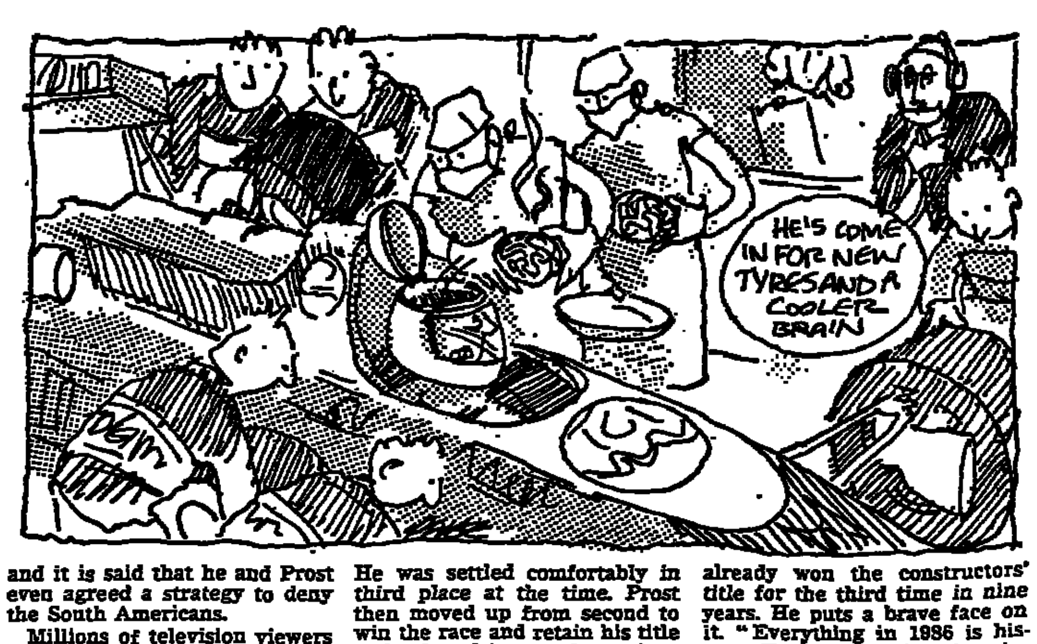
Now the ball is in his court as the circuit moves to the South of France for tomorrow's Monaco Grand Prix. Mansell might prefer a golfing metaphor because his single-mindedness has helped him reduce his handicap to three, and he has a half-joking ambition to qualify for the Open.

However, there is one man who stands in his way: Alain Prost, "the professor," who has been world champion for the last two years in his McLaren and who equalled Stewart's record of 27 victories when he won the Belgian Grand Prix on May 17. Last year Prost also matched Hill's achievement of three consecutive wins round the streets of Monaco. After the Belgian race he thought that this would be a suitable place to break Stewart's record.

This year the story so far is that Prost took the first Grand Prix in Rio where Mansell was not expecting to do well ("a pointer"), but Mansell won the San Marino Grand Prix at Imola to put himself "back in the ball game" after Prost had retired.

In Belgium Mansell started in pole position after a record-breaking qualifying lap. But his chances in the race ended early on, when he was forced into a spin in trying to overtake Ayrton Senna for the lead. Afterwards he was furious at what he considered inconsiderate driving by Senna, and this was backed by the television commentators, James Hunt and Murray Walker. Mansell's fracas with Senna in the pits was totally out of character.

This adds fuel to the strong feeling that Mansell gets on better with the Frenchman, Prost, than with Nelson Piquet, his own teammate, and Senna, who are both Brazilian. Last October Mansell needed to finish within a couple of places of Prost and Piquet at Adelaide to clinch his first drivers' title,



and it is said that he and Prost even agreed a strategy to deny the South Americans.

Millions of television viewers witnessed the spectacular puncture to Mansell's rear left tyre which ended his chances of becoming the first British champion since Hunt in 1976. He was settled comfortably in third place at the time. Prost then moved up from second to win the race and retain his title—the first driver to do so since Jack Brabham in 1960.

It was only slight consolation for Mansell that the Canon-Williams-Honda team had already won the constructors' title for the third time in nine years. He puts a brave face on it. "Everything in 1986 is history. I'm still driving for the best team and Honda have made a lot of progress on the engine over the winter."

His achievements also earned him the BBC Television Sports Personality of the Year award in the traditional viewers' vote. But it was not the same as winning the championship. Nor was he helped by the generous sympathy of Prost, who was pipped for the title in 1982, 1983 and 1984. So how does Mansell feel about Monaco?

"Monaco is an anomaly—a special venue. If you compare it with other tracks, you wouldn't compete there—period. It's so easy to make mistakes, and it's important to qualify up the grid."

Mansell is in his prime. At 33 he is two years younger than Piquet, champion in 1981 and 1983, and six months older than Prost. The immortal Fangio was 40 when he won the first of his five titles in 1951; and it is often forgotten that Moss never won the championship, although he was second four times and third on three occasions.

Mansell has a racing pedigree: his father raced karts in the Midlands. Young Nigel first drove an Austin Seven, at the age of seven, and competed in karts from 14. He won his first motor race in his Formula Ford debut at Mallory Park in 1976, and four years later was driving for Lotus in the Austrian Grand Prix.

His career did not accelerate until he moved to Williams-Honda in 1985. That year he won his first Formula One race, the European Grand Prix at Brands Hatch. Since then he has had seven more successes. In 1986 he won most races (five) and led for most laps, but he was still second to Prost at the end of the season because the Frenchman is renowned for using his wits and a sense of percentages to gain points — winning places in the first six.

It is well known that Mansell staked his home to back his early involvement in motor racing. Now he is among the high-earning élite, and has two young children to consider. But his wife Rosanne supports him utterly, and was seen to sob openly at Adelaide last autumn. "Oh Christ, not now. Why now? How could it happen this way?"

A loser's lot is not a happy one. But Mansell will not be a loser for long.

Test Cricket: **Andy Jalil** surveys Pakistan's blend of experience and youthful talent

No easy task for Imran's likely lads

THE TEN Pakistan cricketers—in a squad of 18—who are touring England for the first time this summer have not been blessed by the weather. Yet the Test series starting next week could be full of fine things, given captain Imran Khan's burning ambition to beat England in England. Having announced his decision to retire from Test cricket at the end of 1987, this is the last chance Imran has of scoring such a coup.

In contrast to England, the wickets in Pakistan are hard, and the line of the ball is straighter. But because of English conditions, it is essential for touring batsman to adapt quickly if they are not already experienced in dealing with the swinging ball.

When the weather is miserable things can be difficult, especially as the landscapes of England are so far removed from the maidans of Karachi and Lahore that they can have an overpowering effect on newcomers' morale.

There was a time when an entire Pakistan team could be selected from those who were playing county cricket in England. That era is now gone. It was great while it lasted. It was also lucrative, lasting for over a decade, from the early 1970s when the concentration here of cricketers from abroad really took place.

Sadly, it was also the time when England performed indifferently at Test level, giving critics the opportunity of blaming a "system" that let in overseas players, most of whom came from Pakistan and the West Indies.

With the resulting restrictions that were imposed on the employment of overseas cricketers, to just one per county, Pakistan's contingent gradually dwindled. The one member of the current squad still engaged with an English county is the captain, Imran Khan. Considered almost a native of Sussex, his experience of English conditions will hold the younger members of the current Test team in good stead.

Imran is one of the greatest all-rounders playing to-day. It will be interesting to see how he compares at the end of this series with England's Ian Botham. The last time the two met in direct confrontation in a Test series in England was in 1982, when in five innings Imran's aggregate was 212, averaging 53.00. Botham scored 163 in six innings, averaging 27.16, and Imran was man of the series.

This time it might be Botham's turn—or further confirmation of Imran's superiority. Either way, the series should see Imran become the first Pakistan bowler to take 300 Test wickets.

Imran's deputy, Javed Miandad, is rated by many as among the world's best batsmen at present. He is certainly excellent when batting on a difficult pitch. Like his captain, Miandad has had extensive experience of English cricket, first with Sussex, then with Glamorgan, where he holds several batting records, one of them for the fourth wicket against the touring Australians in 1985.

This was from an unbroken stand of 306 that he crafted in partnership with that talented but enigmatic Pakistan batsman, Younis Ahmed. It is imperative for England's bowlers to curb Miandad's batting if they hope to keep Pakistan's totals within reach, for his ability and shot improvision are outstanding, accounting for nearly 6,000 Test runs at an average of 53.55.

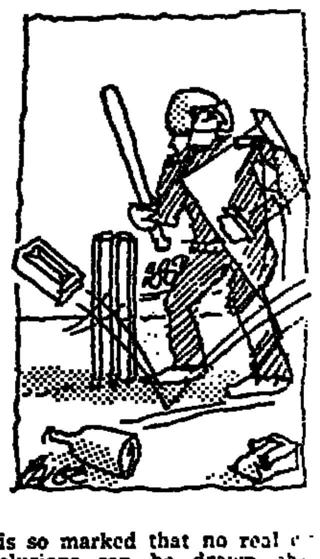
Wasim Akram, the 20-year-old left-arm fast bowler and attacking batsman, is the squad's most exciting prospect, his captain predicting that he will become the best cricketer in the world within the next three years. In only his second Test match, at the age of 18, he became the youngest bowler to take 10 wickets. His achievements have been consistent, and it is not surprising that Lancashire have given him a six-year contract from next season.

A key member of the squad is the feared leg-spin and googly bowler, Abdul Qadir, who has baffled batsmen of every Test-playing country, not one of them claiming to be able to read him with any certainty.

The mesmerising effect that he has on batsmen showed again last winter when he claimed six West Indian wickets for 16 as Pakistan set about demolishing this powerful batting side for 53, their lowest-ever total. He remains Pakistan's trump card.

Overall, the squad comprises an interesting blend of youth and experience. Among the promising young players are Rameez Raja, brother of Wasim, well known in England; Saleem Malik, who hit a century against England when the two teams last met, and Shoaib Mohammad, son of the legendary Hanif and whose uncles, Mushtaq and Sadiq, are no strangers to English cricket.

Pakistan's last tour of England, in 1982, had a tinge of controversy about it. Both Imran, captaining then as well, and the team's manager, Intikhab Alam, spoke forthrightly about the umpiring and how—in their view—it cost them the series. Let us hope that this series is free of such controversies.

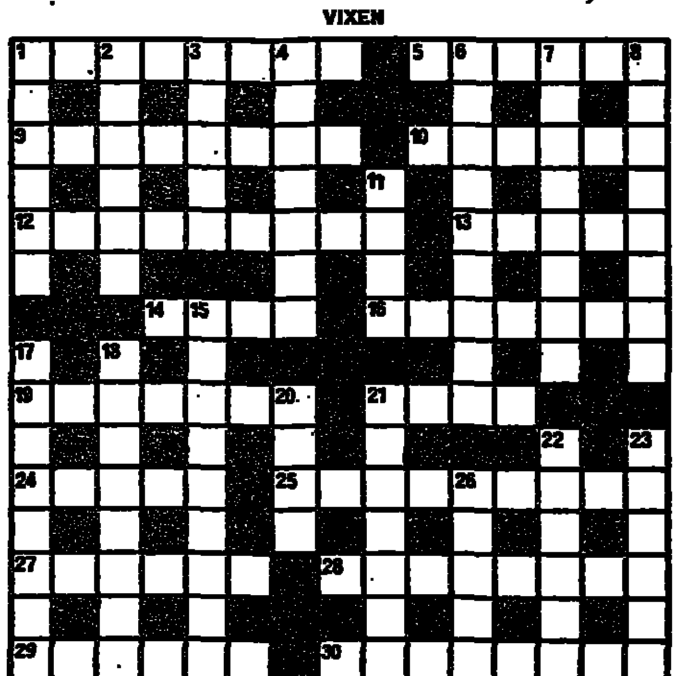


England's cricketers are on a crest at present, following the successes of last winter in Australia and a whole string of one-day victories. But the difference that so clearly exists—both in style and strategy—between one-day internationals and the serious nature of Test cricket is so marked that no real conclusions can be drawn about Pakistan's chances.

The real test of strength is yet to come. If Imran can instil determination and confidence into his young, talented squad, we shall have a fascinating summer of cricket.

FT CROSSWORD PUZZLE No. 6,339

VIXEN



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

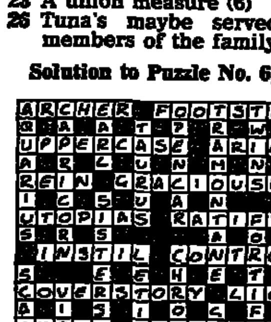
ACROSS

1 Fine the worker taking part (8)
5 A woolly ball for small dogs (6)
9 Divided about the page being in occupation (8)
10 Forwarded foreign coin—not for return (4, 2)
12 Note meant to make amends (9)
13 Poles, forever short, are derisory (5)
14 Work in a shop usually involves dealing with people (4)
16 Shingle may be used in this country (7)
19 Close agreement (7)
21 Quite deliberately ignores copper on back-street (4)
24 A cereal or fruit (5)
25 It's too soon for the production of purer meat (9)
27 Not in appropriate clothing (6)
28 Service flat—bargain price! (8)
29 A good man prevailing where there's controversy (6)
30 A little money and book given to keep (8)

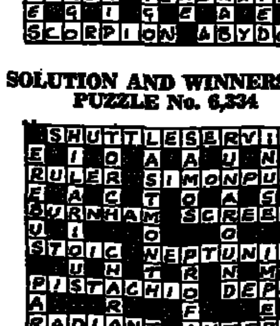
DOWN

1 A simple catalogue (6)
2 The wise man takes no rest (6)
3 Move to put trainee in a team (5)
4 Writing about irritation caused by food-containers (7)
6 Supervision could be a mistake (9)
7 State shortly the jerk is pitiable (8)
8 Top people may display no charms (8)
11 A gathering in really nasty environs (4)
15 He goes to the court even over a quite petty dispute (9)
17 Can't go, so works out some figures (8)
18 Tax on gold leading to fraud (8)
20 Make an impression as a model (4)
21 Able to accommodate a chopper (7)
22 Fancy a Greek character turning up in time! (6)
23 A union measure (6)
26 Tuna's maybe served for members of the family (5)

Solution to Puzzle No. 6,338



SOLUTION AND WINNERS OF PUZZLE No. 6,334



Ms M.M. Goalby, Cannock, Staffs; Mr Bill Andrews, London W6; Mr R.H. Jones, Manchester; Dr W.G. Cross, Christchurch, Dorset; Mr Marcus Macrae, Trinity College, Cambridge.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1
8.30 am Family-ness. 8.35 Dogtanian and the Three Muskehounds. 9.00 It's Wicked! 10.52 Weather. 10.55 Grandstand including 11.00 World Cup Rugby; 12.00 Motor Racing (the Indianapolis 500); 12.45 Boxing; 1.00 News; 1.05 Cycling (the Milk Race); Racing from Lingfield at 2.00, 2.30 and 3.00; 2.05 and 2.35 Show Jumping/Cycling; 3.05 Cycling; 4.35 Show Jumping. 5.05 News. 5.20 Regional programme.
5.25 Rolf Harris Cartoon Time. 5.50 Oliver Twist. 6.20 Film: "City on Fire." 8.00 Bob Says Opportunity Knocks. 8.50 News and Election 87. 9.25 Cagney and Lacey. 10.15 Monty Python's Flying Circus. 10.45 Sports Special. 12.35 am Matt Houston.

BBC 2
3.45 pm Chess Classic. †4.15 Film: "The Spy in Black," starring Conrad Veidt, Valerie Hobson and Sebastian Shaw. 5.35 The Sky at Night. †5.55 Film: "The Thirty-nine Steps," starring Robert Donat and Madeleine Carroll. 7.20 Newsview. 8.00 German Festival. 8.55 The Prize. 9.25 Gaudy Night. 10.15-12.20 am Film: "Cuba" (Sean Connery stars with Jack Weston, Denholm Elliott and Martin Balsam).

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Get Fresh. 11.30 Terrahawks. 12.00 News. 12.05 pm Wrestling. 1.00 Australia 200: "Botany Bay," starring Alan Ladd, James Mason, Patricia Medina and Sir Cedric Hardwicke. 2.45 *Football* (Schoolboy International: England v Scotland and Boxing (Joe Bugner v Mike Weaver). 5.00 News.
5.05 The Grumbleweeds Show. 5.35 ALF. 6.05 The A-Team. 7.00 The Birthday Show. 7.45 New Faces Winners—The Next Step. 8.45 News and Sport. 9.05 CATS Eyes. 10.05 The Late Clive James. 10.50 LWT News Headlines, followed by Australia 200: "Silent Reach" (Part 1), starring Robert Vaughan. 12.40 am Devil's Lake Concert (Charlie Pride).

CHANNEL 4
9.25 am Pets in Particular. 9.50 4 What It's Worth. 10.20 The Living Body. 10.45 The World—A Television History. 11.15 Christo's Valley Curtain. 11.45 World of Animation. 12.00 Isaura the Slave Girl. 12.50 pm "The Five Pennies," starring Danny Kaye with Barbara Bel Geddes and Louis Armstrong. 3.00 Channel 4 Racing from Newmarket. 5.05 Brookside Omnibus. 6.00 Right to Reply.
6.30 Channel 5 News. 7.00 Ourselves and Other Animals. 7.30 Roosevelt's Children. 8.30 Robinson Country. 9.00 Nights and Days. 10.10 Election Brief. †10.20 "Foreign Correspondent." 12.35 am Don't Miss Wax. 1.20 "This is Kate Bennett."

S4C WALES
10.45 am A Week in Politics Campaign Special. 11.45 What the Papers Say. 12.00 The Making of Britain. 12.30 pm A Passage to Britain. †1.00 Scotland Yard. 1.30 Eisteddfod Genedlaethol yr Urdd. 5.00 Roosevelt's Children. 6.00 Right to Reply. 6.30 Listening Eye. 7.00 World Alive: Spain. 7.30 Newyddion. 7.50 Cymar Pwy? 8.20 Eisteddfod Genedlaethol yr Urdd. 9.20 Y Maes Chwarae. 10.05 Sioe Siarad III: Iaith ar Daith. 10.20 ER. 10.50 Feature Film: "The Runner Stumbles."

IBA Regions as London except at the following times:

ANGLIA
12.35 am Marching Praise.

CENTRAL
1.00 pm Star Fleet. 1.30 The Incredible Hulk. 2.30 Cartoon Time. 5.05 The A-Team. 6.00 Alf. 6.30 The Grumbleweeds Show. 12.35 am Prisoner Cell Block H. 1.30 "Airplane" (Robert Hays and Julie Hagerty Star). 3.05 Central Live with Mike Tyson, followed by Central News Closedown, followed by Central Jobfinder '87.

CHANNEL
11.59 am Today's Weather. 12.35 am King Crimson.

GRAMPIAN
6.05 pm Simon and Simon. 12.35 am Reflections.

GRANADA
1.00 pm Christopher Columbus. 5.05 A.L.F. 5.35 The A-Team. 6.30 The Grumbleweeds Show. 12.35 am T. J. Hooker. 1.30 "Airplane," starring *Robert Hays and Julie Hagerty.* 3.05 World Championship Boxing from Las Vegas.

HTV
11.57 am HTV News.

SCOTTISH
1.00 pm "Highway to Heaven" (TV movie). 12.35 am Late Call.

TSW
11.57 am TSW News. 1.00 pm Tightlines. 1.15 The Saturday Movie: "For The Love Of Ada," starring Irene Handl. 5.05 TSW News. 5.07 Knight Rider. 5.35 The Grumbleweeds Show. 6.05 Blockbusters. 6.35 A.L.F. 12.35 *am Postscript.*

TVS
11.57 am TVS News. 12.35 am King Crimson. 1.30 Company.

TYNE TEES
5.05 pm A.L.F. 5.35 The A-Team. 6.30 The Grumbleweeds Show. 12.35 am Poetry of the People.

ULSTER
11.58 am Lunchtime News. 1.00 Feature Film: "Campbell's Kingdom"—Dirk Bogarde and Stanley Baker. 5.30 Ulster News. 5.05 A.L.F. 5.35 The Fall Guy. 6.30 The Grumbleweeds Show. 12.35 am News at Bedtime.

YORKSHIRE
6.05 pm A.L.F. 5.35 The A'Team. 6.30 The Grumbleweeds Show. 12.35 am The Saturday Late Film: "The House That Dripped Blood" starring *Peter Cushing, Christopher Lee, Nyree Dawn Porter and Ingrid Pitt.* 2.35 Jobfinder.

Stereo on VHF

BBC RADIO 2
7.30 am Steve Truelove (joining VHF). 8.5 David Jacobs. 10.0 Sounds of the 60s. 11.0 Album Time. 1.0 pm Frankie Howerd's Forum. 1.30 Sport on 2 including Tennis (French Open tournament), Golf (London Standard Four-Stars National Pro-Celebrity Tournament), Motor Racing (Grand Prix in Monaco), Cricket from Newmarket, Ruby Union, Show Jumping and cycling. 6.0 Pop Score. 6.30 Old *Stager.* 7.0 *Three in a Row.* 7.30 Radio 2 Festival of Music. 9.30 String Sound. 10.5 Martin Kelner. 12.5 am Night Owls with Dave Gelly. 1.0 Steve Madden presents "Nightride." 3.0-4.0 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 10.55 The Damnation of Faust (Berlioz's "dramatic legend"). 1.00 pm News. 1.05 Early String Quartet. 2.00 The Diabelli Variations by Beethoven. 3.00 Eugen Jochum Conducts. Mozart ("Cosi fan tutte" Act 1) and Sibelius (The Oceanides, and Night Ride and Sunrise). 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Liszt and his Contemporaries. 7.30 North German Radio Symphony Orchestra, part 1: Haydn (Piano Concerto in D with Nikita Magaloff), Stravinsky (Concerto for piano, wind, timpani and double basses). 8.15 Church Angels. 8.35 Concert, part 2: Tchaikovsky (Symphony No 5). 9.25 Realm of the ... (Russell Davies presents this documentary about Huey P Long, ... of the State of Louisiana). 10.... Home with Clara Schumann. 11.... Suite And Two Concertos. 11.57-12 News.

BBC RADIO 4
7.0 am Today. 9.00 News. 9.05 ... On 4. 9.30 Breakaway. 10.00 ... Loose Ends with Ned Sherrin ... guests. 11.00 The Politics of ... 11.25 From Our Own Correspondent. 11.55 The Weekend on 4. 12.00 ... Money Box. 12.27 pm Just A ... (S). 12.55 Weather. 1.00 News. Any Questions? 1.55 Shipping Forecast. 2.00 News: A Very Warm ... 2.30 The Afternoon Play (S). ... Through My Window. 4.00 ... International Assignment. 4.30 ... 5.00 The Living World. 5.25 ... Ending. 5.50 Shipping forecast. ... Weather: Travel. 6.00 News. ... round-up. 6.25 Stop The Week ... Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.15 Saturday Fringe. 8.30 Baker's Dozen (S). ... Thriller! 9.50 Ten to Ten (S). ... Weather. 10.00 News. 10.15 Saturday Feature (S). 10.45 Flashback ... The Wordsmiths at Gorsemere ... 11.30 The Party Party (S). 12.00 am News.

SUNDAY

† Indicates programme in black and white

BBC 1
8.55 am Play School. 9.15 Articles of Faith. 9.30 This Is The Day. 10.00 One Of The Family. 10.20 Micro File 2. 10.45 Claire Rayner's Casebook. 11.10 You In Mind. 11.20 The Goods Kitchen. 11.35 Discovering Portuguese. 12.00 Sign Extra. 12.25 pm Birdwatch Goes Dutch. 12.35 Farming. 12.58 Weather for Farmers. 1.00 This Week Next Week.
2.00 Eastenders. 3.00 Birdwatch Goes Dutch. 3.15 Film: "Lust for Life" starring Kirk Douglas. 5.10 Tom and Jerry. 5.25 The Animals Roadshow. 6.00 Birdwatch Goes Dutch. 6.25 News. *6.40 Praise Be. 7.15 Film: "Guilty Conscience"* starring Anthony Hopkins. 8.45 Mastermind. 9.15 That's Life. 10.00 News. 10.20 When I Get To Heaven. 10.55 Birdwatch Goes Dutch. 11.20 Discovering Portuguese.

BBC 2
1.30 pm Sunday Grandstand including 1.30 Cricket (Refuge Assurance League—Northants v Sussex): 2.20 Motor Racing (The Monaco Grand Prix): 4.00 Show Jumping (Everest Double Glazing Nations Cup): 5.15 Cricket (Northant v Sussex) and 6.30 Badminton (World Championships from China). 7.25 Eurovision Young Dancer. 10.00 Theatre Night: Miss Julie by August Strindberg. 11.40-12.20 am The 1987 Formula One World Championship—Monaco Grand Prix.

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 World Championship Boxing. 10.40 Get Fresh. 11.00 Morning Worship. 12.00 Weekend World. 1.15 pm Police 5. 1.30 Getting On. 2.00 Revelations. 2.30 LWT News Headlines followed by "A Prize of Arms," starring Stanley Baker and Tom Bell. 4.30 Supergran. 5.00 Show *Me. 5.30 Survival Special.*
6.30 News. 6.40 Appeal. 6.45 Highway. 7.15 Tarby's Frame Game. 7.45 Murder, Mystery, Suspense: Columbo—Dagger of the Mind. 9.35 News. 9.55 Laurence Olivier: A Life (part two). 11.25 LWT News Headlines followed by The Silk Road. 12.20 am Derrick.

CHANNEL 4
9.25 am Sunday East. 10.00 The World This Week. 11.00 Superchamps. 11.30 The Owl Service. 12.00 Network 7. 2.00 pm The Pocket Money Programme. 2.30 "There's No Business Like Show Business." 4.0 Big Snooze. 4.45 *Early Musical Instruments.*
5.15 News. 5.30 The Business Programme. 6.15 Swimming: Speedo Fast Water Meet. 7.15 The World at War. 8.15 Sir Steven Runciman: Bridge to the East. 9.10 When Reason Sleeps: The Scar. †10.15 "Spellbound," stars Ingrid Bergman and Gregory Peck.

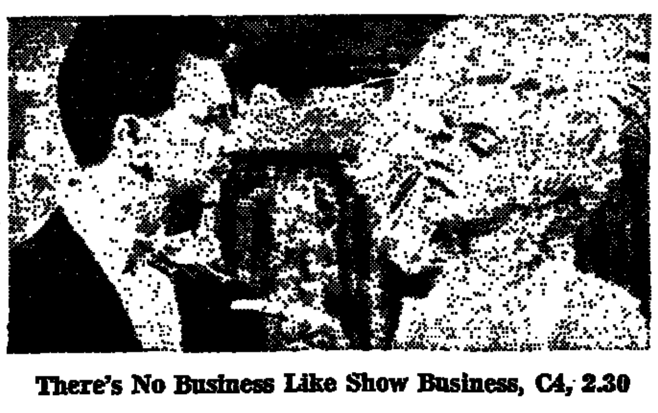
S4C WALES
9.00 am Hafoc. 10.00 The World This Week. 11.00 Superchamps. 11.30 The Owl Service. 12.00 Network 7. †2.00 Feature Film: "Soldiers Three." 3.45 Elizabeth Maconchy. †4.35 "Shoulder Arms." 5.30 The Business Programme. 6.15 Speedo Fast Water Meet.
7.20 Newyddion. 7.30 Cais Am Gan. 8.00 Fo A Fe. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Mwynhau'r Pethe. 9.30 Y Byd Ar Bedwar. 10.15 Nights and Days. †11.10 Feature Film: "The Phantom of the Opera," starring Claude Rains.

IBA Regions as London except at the following times:—

ANGLIA
9.25 am Cartoon Time. 1.15 pm Cartoon Time. 1.25 Weather Trends. 1.30 Farming Diary. †2.30 Sunday Cinema: "Sink the Bismarck!" starring Kenneth More and Dana Wynter. 4.15 Cartoon Time. 11.25 Alfred Hitchcock Presents . . . 11.55 Rock of the Seventies. 12.25 am As I See It.

BORDER
9.25 am Border Diary. 1.15 pm Farming Outlook. 1.30 Getting On. 2.30 Highway to Heaven. 4.15 Walt Disney Cartoon.

CENTRAL
9.25 am Max the 2000 year old Mouse. 1.15 pm Getting On. 1.45 The Care Bears. 2.30 Highway to Heaven. 4.15 Cartoon Time. 5.00 Cloughie's Golden Oldies. 11.25 Prisoner Cell Block H. 12.20 am The Sci-Fi Movie. 1.55 The Euro Cops: Police Precinct. 2.50 Central News. Closedown followed by Central Jobfinder '87.



There's No Business Like Show Business, C4, 2.30

CHANNEL
9.25 am Today's Weather. 9.26 Starting Point. 1.15 pm Les Francais Chez-vous. 1.45 Georges De La Forge. 2.30 Highway to Heaven. 4.15 Cartoontime. 6.25 Channel News Headlines.

GRAMPIAN
9.25 am Cartoon. 11.00 The Year Was—1964—Mary Rand. 11.30 Church and Change (Worship). 1.15 pm Farming Outlook. 1.45 Mountain Habitat. 2.30 Supergran. 3.00 Scottish Junior Cup Final (Auchinleck Talbot and Kilbirnie Ladeside). 12.25 am Living and Growing for Adults. 12.55 Reflections.

GRANADA
9.25 am Crystal Tipps and Alistair. 1.10 pm Aap Kaa Hak. 1.20 Easy Street. 1.50 This Is Your Right. 2.30 Australia 200 "A Town Like Alice," starring Virginia McKenna and Peter Finch. 5.00 Survival. 6.00 Sweethearts. 11.25 Special Squad.

HTV
9.25 am Max the 2000 Year Old Mouse. 1.15 pm Footsteps. 2.30 West Country Farming, followed by Weather for Farmers. 3.00 The Sunday Matinee: "Made in Heaven." 5.00 Mary. 6.36 HTV News. 11.25 World Championship Boxing (highlights).
HTV Wales—As HTV West except: 3.00 pm The 1987 Urdd National Eisteddfod. 4.00-4.30 Prince Charles: The Pride Factor. 5.00-5.30 Fit For The Family.

SCOTTISH
9.25 am Peter's Adventures. 11.30 The Two Edged Sword. 1.15 pm The Glen Michael Cavalcade. 1.45 Scottish Assembly. 3.00 Scottish Junior Cup Final between Cup holders Auchinleck Talbot and Kilbirnie Ladeside. 11.25 Late Call. 11.30 Mike Hammer.

TSW
9.25 am Look And See. 1.15 pm The South West Week. 1.35 Farming News. 2.30 The Sunday Matinee†: "Run Simon Run," starring Burt Reynolds (TV movie). 3.55 Gus Honeybun's Magic Birthdays. 4.00 Show Me. 4.30 Gardens For All. 5.00 Supergran. 11.25 The Outsiders. 12.20 am Postscript Postbag.

TVS
9.25 Employment Action! 1.15 pm The South Decides Farm Focus Election Special. 2.30 Highway To Heaven. 4.15 Cartoon Time. 6.25 TVS News. 12.20 am Company.

TYNE TEES
9.25 am Hello Sunday. 1.15 pm Farming Outlook. 1.45 PSA Special Report. 2.30 Highway To Heaven. 4.15 Walt Disney Presents. 5.00 Northern Life—Sunday Edition. 11.25 Face The Press. 11.55 Epilogue.

ULSTER
9.25 am Cartoon Time. 1.13 Lunchtime News. 1.15 Getting On. 1.45 Advice with Anne Hailes. 1.58 Farming Weather. 2.30 Highway to Heaven. 4.15 Cartoon. 6.38 Ulster News. 9.25 Ulster News. 11.25 Sports Results. 11.30 The Chieftains in China. 12.15 am News at Bedtime.

YORKSHIRE
9.25 am Cartoon Time. 1.15 pm Getting On. 1.45 The Smurfs. 2.30 Highway To Heaven. 4.15 Walt Disney Presents. 5.00 Survival Special. 6.00 Sweethearts. 12.20 am Five Minutes. 12.25 Jobfinder.

Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle says "Good Morning Sunday." 9.05 Melodies for You. 11.00 Desmond Carrington with your Radio 2 All-Time Greats. 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 2.00 Benny Green (VHF). 3.00 Alan Dell (VHF). 4.00 "Just William" (VHF). 4.30 Sing Something Simple (VHF). 5.30 Charlie Chester with your "Sunday Soapbox." 7.35 Ian Wallace presents "Your Country Needs You." 8.30 Sunday Half Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.30 Jazz Score. 11.00 Sounds of Jazz with Tony Russell. 1.00 am Steve Madden presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Wilhelm Backhaus. 8.00 World Service News. 8.10 Musica Antiqua, Cologne. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 BBC Scottish Symphony Orchestra: Mozart (Oboe Concerto K314, with Maurice Bourgue), Haydn (Symphony No 79). 12.00 Joaquin Achucarro, piano recital. 12.45 pm "Cleofide," opera by Johann Adolf Hasse sung in Italian in the original Dresden version (1731) Act 1. 2.15 Meta-Meta-Meta-Love. 2.35 "Cleofide," Act 2. 3.50 A Diversity of Creatures. 4.10 "Cleofide," Act 3. 5.30 The Little Platoon — the Long Struggle for the Falklands. 6.15 Edith Vogel Plays Brahms. 6.50 Haydn and Daniel Jones. 7.30 Spreading the Word. 7.45 London Sinfonietta. Britten (Sinfonietta Op 1), Rupert Bawden (Le livre de Fauvel), Stravinsky (8 Instrumental Miniatures). (8.25 Interval Reading). 8.30 Henze (The Miracle of the Rose). 9.05 Frank Bridge. Sonata for violin and piano.

BBC RADIO 4
7.00 am News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 Pick of the Week (S). 12.10 pm It's Your World. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 Lord of the Rings (S). 3.30 Origins. 4.00 News: The Food Programme. 4.30 The Natural History Programme.
5.00 News. 5.05 Field of the Star. 5.50 Shipping Forecast. 5.55 Weather. Travel. 6.00 News. 6.15 Rogues' Gallery. 6.30 Letters from the Old World. 7.00 Ann Veronica by H. G. Wells (5). 8.00 Bookshelf. 8.30 RSC in Repertoire. 9.00 News: Concerto (S). 9.55 Weather: Travel. 10.00 News. 10.15 Performing Arts (S). 11.00 Seeds of Faith. 11.15 Actuality. 12.00-12.15 am News.